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3rd Edition

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U.S. coins, world coins

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Neil S. Berman

Expert numismatist and
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Coin Collecting

3rd Edition

by Neil S. Berman

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Coin Collecting For Dummies®, 3rd Edition

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Contents at a Glance

Introduction 1

Part 1: Making Heads and Tails out of Coin Collecting 5

CHAPTER 1: Welcome to the World of Coin Collecting 7

CHAPTER 2: Understanding Numismatics 15

CHAPTER 3: Arming Yourself with Knowledge 27

CHAPTER 4: Storing Your Collection Correctly 41

Part 2: Ancient to Present Day: Choosing Coins for Your Collection 59

CHAPTER 5: Showing Their True Age: Ancient Coins 61

CHAPTER 6: Making a Safe Bet with U.S. Coins 67

CHAPTER 7: Globetrotting with World Coins 71

CHAPTER 8: Exploring the Wild Side with Rare, Expensive, and Esoteric Coins 77

Part 3: Focusing on U.S. Coins 87

CHAPTER 9: Colonial Coins: America’s Ancients 89

CHAPTER 10: Copper and Nickel Coins: Made for the Masses 105

CHAPTER 11: Silver Coins: Keeping Commerce Alive 127

CHAPTER 12: Gold Coins: Concentrated Wealth 159

CHAPTER 13: Commemoratives: Raising Money with Money 179

CHAPTER 14: Advancing to Oddball Coins 191

Part 4: Buying and Selling Coins the Safe Way 201

CHAPTER 15: Wheeling and Dealers 203

CHAPTER 16: Grading and Authenticity, Rarity, and the Establishment of Value . . . 213

CHAPTER 17: Foiling the Fakes 229

CHAPTER 18: Grading with the Pros 247

CHAPTER 19: Selling Your Coins Yourself 257

CHAPTER 20: Going Once, Going Twice: Buying at Auction 271

CHAPTER 21: The Coin Auction Arena 283

CHAPTER 22: Coin Investments, Taxes, and the Law 293

Part 5: The Part of Tens 299
CHAPTER 23: The Ten Most Valuable U.S. Coins 301
CHAPTER 24: Ten Favorite U.S. Coin Designs 311
CHAPTER 25: Ten Ways to Get Your Kids Involved in Coin Collecting 317

Glossary 323

Index 331

Table of Contents

INTRODUCTION 1
About This Book. 1
Foolish Assumptions. 2
Icons Used in This Book 2
Beyond the Book 3
Where to Go from Here 3

PART 1: MAKING HEADS AND TAILS OUT OF COIN COLLECTING 5

CHAPTER 1: **Welcome to the World of Coin Collecting** 7
On Your Mark, Get Set, Go: Starting Your Coin Collection. 9
Eeny, Meeny, Miney, Moe: Deciding Which Coins to Collect 10
I Pledge Allegiance: Turning Your Attention to U.S. Coins. 10
I'll Take That One, and That One, and That One: Buying Coins 11
Parting Is Such Sweet Sorrow: Selling Your Coins 12

CHAPTER 2: **Understanding Numismatics**. 15
Admitting Your Numismatism 16
Discovering How Cool Coin Collecting Can Be 16
Collecting versus Accumulating. 17
Collecting Various Types of Coins 18
  Gold and silver coins. 19
  Commemorative coins 20
  BU Rolls. 21
  silver certificates 22
Getting Excited about Collecting Today 22
  50 State Quarters 23
  Sacagawea dollar. 24
  New commemorative issues 24
  Error coins 25

CHAPTER 3: **Arming Yourself with Knowledge**. 27
Gaining Knowledge Before You Buy 27
  Understanding the parts and purpose of a coin. 28
  Putting the book before the coin 28
  Mix and mingle 31
Affecting a Coin's Value. 32
  Age: Good for wine, good for coins?. 33
  Condition: Pumping them up 33
  Demand: Demanding high dollar 34

Rarity: Hunting for treasures 35
Supply: Giving them what they want 36
Deciding What to Collect 37
Staying focused 38
Thinking long-term 38

CHAPTER 4: **Storing Your Collection Correctly** 41
Holdering Them the Right Way 42
Keeping Away from the Cleaning Products 47
Removing dirt 47
Handle with kid gloves 48
Wash your hands before touching 48
Ask before removing a coin from a holder 49
Watch out for the holder 49
Handle a coin by the edges 49
Keep your mouth shut 50
Hold a coin over a soft surface 50
Keeping Them High and Dry 51
Keepin' 'em dry 52
Using a desiccant 52
Securing Your Stash: At Home and on the Road 52
Deciding between a home safe and a safe-deposit box 53
Carrying coins in your car 54
Carrying coins on a plane 55
How comforting is your inn? 56
Dealing with a robbery 56
Insuring Your Investment 57

PART 2: ANCIENT TO PRESENT DAY: CHOOSING COINS FOR YOUR COLLECTION 59

CHAPTER 5: **Showing Their True Age: Ancient Coins** 61
Ancient Coins — of Gods and Men 62
Deciding Which Ancient Coins to Collect 62
Ancient Greek coins 62
Ancient Roman coins 63
Biblical coins 64
Byzantine coins 65
Understanding How Age Affects Value 65
It's All Greek to Me! 66
Knowing Where You Can Get 'Em 66

CHAPTER 6: **Making a Safe Bet with U.S. Coins** . . . 67
Discovering a Finely Tuned Market . . . 67
Understanding Why U.S. Coins Are So Popular . . . 68
Recognizing Desirable Coin Characteristics: Liquidity, Liquidity, Liquidity . . . 70

CHAPTER 7: **Globetrotting with World Coins** . . . 71
A Few Hints for Beginners . . . 71
    Collecting by country . . . 72
    Collecting by denomination . . . 72
    Collecting crowns . . . 72
    Collecting by date . . . 73
    Collecting topically . . . 73
Recognizing the Hot and Cold Countries . . . 73
Understanding That Grading Standards Are Not All the Same . . . 75
    Obsession with quality is okay — to a point . . . 75
    Extremely Fine is not Extremely Fine is not Extremely Fine . . . 76

CHAPTER 8: **Exploring the Wild Side with Rare, Expensive, and Esoteric Coins** . . . 77
Looking for the Best of the Best . . . 78
    Collecting Finest Known coins . . . 78
    Checking Condition Census . . . 79
Recognizing Odd and Curious Money . . . 80
Investigating Tokens, Medals, and Miscellaneous Coins . . . 81
    Hard Times tokens . . . 81
    Good For tokens . . . 81
    Civil War tokens . . . 83
    Washington medals . . . 84
Collecting by Die Variety — the Spice of Life . . . 84

PART 3: FOCUSING ON U.S. COINS . . . 87

CHAPTER 9: **Colonial Coins: America's Ancients** . . . 89
Recognizing a Colonial Coin . . . 90
Locating Foreign Coins Used in the American Colonies . . . 90
    French coins . . . 90
    Irish coins . . . 91
    British coins . . . 91
    Spanish coins . . . 92
    London elephant tokens . . . 93
Appreciating How Colonies and States Expressed Themselves . . . 93
    Massachusetts . . . 93
    New Jersey . . . 94

    Connecticut. 94
    Vermont 95
    New York. 96
    Virginia 96
Collecting Privately Issued Coins and Tokens 97
    Mott token 97
    Brasher doubloon 97
    Higley coppers 98
Distinguishing Quasiofficial Colonial Coins 98
    Continental dollars 98
    Fugio cents 98
    Nova Constellatio coppers 99
Washingtoniana: America Goes Ape for Its First President. 100
    Unity States cent 100
    1791 Washington large eagle cent 101
    1793 ship halfpenny 102
    1795 grate halfpenny 102
    Liberty and Security penny 103

CHAPTER 10: Copper and Nickel Coins: Made for the Masses . . . 105
Getting the Hang of Half Cents 106
    Major types of U.S. half cents 107
    Collecting U.S. half cents 110
Living Large with Large Cents 111
    Major types of U.S. large cents 111
    Collecting U.S. large cents 115
Seeking Out Small Cents. 116
    Major types of U.S. small cents 116
    Collecting U.S. small cents 118
Taking on Two-Cent Pieces 120
Rounding Up the Three-Cent Nickel 121
Firing Up for the Five Cents (or Nickels) 122
    Major types of U.S. five-cent pieces 123
    Collecting U.S. five-cent pieces 125

CHAPTER 11: Silver Coins: Keeping Commerce Alive 127
Thrilling Yourself with Three-Cent Silvers 128
    Major types of U.S. three-cent silvers. 128
    Collecting U.S. three-cent silvers. 129
Hunting Down Half Dimes 130
    Major types of U.S. half dimes. 130
    Collecting U.S. half dimes 132
Digging in for Dimes 133
    Major types of U.S. dimes. 134
    Collecting U.S. dimes. 137

Touring Around for 20-Cent Pieces. 139
Calling All Quarter Dollars 140
    Major types of U.S. quarter dollars. 140
    Collecting U.S. quarter dollars 144
Holding On to Half Dollars 145
    Major types of U.S. half dollars 145
    Collecting U.S. half dollars 150
Digging Around for Dollars 152
    Major types of U.S. dollars 152
    Collecting U.S. dollars 158

CHAPTER 12: **Gold Coins: Concentrated Wealth** 159
$1 Gold Pieces 161
    Liberty-head gold dollar (1849–54). 161
    Indian-princess gold dollar (1854–89) 162
$2.50 Gold Pieces 163
    Turban Head $2.50 gold piece (1796–1807) 163
    Capped Bust $2.50 gold piece (1808–34). .164
    Classic Head $2.50 gold piece (1834–39) 165
    Liberty-head $2.50 gold piece (1840–1907). 165
    Indian-head $2.50 gold piece (1908–29) 165
$3 Gold Pieces 166
$4 Gold Pieces 167
$5 Gold Pieces 168
    Turban Head $5 gold piece (1795–1807) 168
    Capped Bust $5 gold piece (1807–34) 169
    Classic Head $5 gold piece (1834–38). 169
    Liberty-head $5 gold piece (1839–1908) 170
    Indian-head $5 gold piece (1908–29) 171
$10 Gold Pieces 172
    Turban Head $10 gold piece (1795–1804) .172
    Liberty-head $10 gold piece (1838–1907) .172
    Indian-head $10 gold piece (1907–33) 173
$20 Gold Pieces 174
    Liberty-head $20 gold piece (1849–1907) .174
    Saint-Gaudens $20 gold piece (1907–33). .175

CHAPTER 13: **Commemoratives: Raising Money with Money** . . . 179
Commemorate This! 180
The Early Years (1892–1934): Commemoratives Under Control 180
The Age of Abuse (1934–54): Commemoratives Out of Control. 184
Modern Commemoratives (1982–present): Money Coins 187
Circulating Commemoratives 188
    50 State Quarters 188
Tips for Collecting Commemoratives 189

CHAPTER 14: **Advancing to Oddball Coins** 191
Understanding Pattern Coins 192
Collecting Pioneer or Private Gold 193
Finding Confederate Coins. 195
Appreciating Proof Coins 196
Recognizing Hawaiian Coins 197
Identifying Error Coins 198

PART 4: BUYING AND SELLING COINS THE SAFE WAY . . . 201

CHAPTER 15: **Wheeling and Dealers**. 203
Finding a Good Coin Dealer 203
Localizing Your Efforts 206
Going to the Nationals 206
Going Global. 208
  Evaluating the global pros 208
  Weighing the global cons 209
Surfing the Net for a Deal. 210

CHAPTER 16: **Grading and Authenticity, Rarity, and the Establishment of Value**. 213
Factors That Affect Grade. 215
Eye Appeal 216
Circulated vs. Uncirculated Coins 217
Precision Grading 219
Consistency of Grading. 221
Proofs, Patterns, and Specimens 223
Overgrading and Overpricing 223
Grading Guarantees 224
Authenticity and Originality 224
Rarity and the Establishment of Value 226
Market Demand and Survival Rate 228

CHAPTER 17: **Foiling the Fakes**. 229
Resisting Temptation 229
Becoming Your Own Expert. 231
Finding Out about Repaired, Restored, and Recolored Coins 232
  Cleaned coins. 233
  Curated coins. 234
  Dipped coins. 234
  Scrubbed coins 235
  Erasered coins 235
  Whizzed coins. 235
  Repaired coins 236
  Recolored coins 236

Getting Duped 237
  Scams 238
  Misrepresentation 238
  Overgrading 238
  Undergrading 239
  Cheap offers 239
Caveating Your Emptor 240
Saving the Day: Return Privileges and Guarantees 241
  No return privilege 241
  Return privileges 242
  Guarantees 242
Slamming the Scammers 243

CHAPTER 18: **Grading with the Pros** 247
The Grading Process 248
  Submitting coins to be graded 248
  Grading 249
  Encapsulation 250
  Shipping 251
Numismatic Guarantee Company (NGC) 251
Professional Coin Grading Service (PCGS) 252
Certified Acceptance Corporation (CAC) 253
The Other Guys 254
Restoration and Conservation 254
  Toning 255
  Spots 255
  Metal 255
  Means to an end 255

CHAPTER 19: **Selling Your Coins Yourself** 257
Knowing What to Expect 258
Deciding Whether to Sell Coins Yourself 258
Getting Ready to Sell Your Collection 259
  Knowing what you have 259
  Understanding that looks are everything 260
  Getting the grading done beforehand 260
  Pricing properly 260
Knowing Where to Sell Your Coins 261
  Coin dealers 261
  Coin shows 263
  Direct marketing via publications or online services 264
Mastering the Art of Selling 266
  Be assertive 266
  Talk ’em up 267
  Appeal to a need 267

Convey a sense of urgency. 267
Stick to your pricing. 267
Sell from the bottom 268
Remain patient. 268
Keeping Good Records 269
Donating the Rest 270

CHAPTER 20: **Going Once, Going Twice: Buying at Auction** 271
Flying Like Bees to Honey. 272
Seeking a rare flower 272
Getting stung 273
Preparing to Buy 273
Obtaining the catalog 274
Reading the terms and conditions of sale 274
Registering to bid. 275
Studying the catalog 276
Choosing your battles 277
Setting your limits 277
Bidding 278
Reserving Yourself. 280
Hauling Yourself to Online Auctions. 281
Getting Internet versions of auction catalogs .281
Using eBay 281

CHAPTER 21: **The Coin Auction Arena** 283
Consignment Journey 283
If you are a seller 284
If you are a buyer. 285
Heritage Auctions: “The Titan” 285
Top Performing Auction Houses 286
GreatCollections Coin Auctions 287
Legend Rare Coin Auctions 288
Stack’s Bowers Galleries 288
Lyn Knight Auctions. 289
Goldberg Auctions. 289
Kagin’s 289
David Lawrence Auctions 289

CHAPTER 22: **Coin Investments, Taxes, and the Law** 293
Investing in Coins in Theory. 293
Dealing with Taxes 296
Sales taxes 296
Income taxes 297

PART 5: THE PART OF TENS. 299

CHAPTER 23: **The Ten Most Valuable U.S. Coins**. 301
1933 Double Eagle ($18,872,250) PCGS MS65. 301
1794 Flowing Hair Dollar ($10,016,875) 302
1787 Brasher Doubloon EB on Wing ($9,360,000) 303
1822 $5 ($8,400,000) PCGS AU50 304
1804 Bust Dollar ($7,680,000) PCGS PF68 305
1787 Brasher Doubloon EB on Breast ($7,395,000). 305
1861 $20 Paquet Reverse ($7,200,000) 306
1794 $1 (Lord St Oswald) ($6,600,000) PCGS MS66+ 307
723 AD Umayyad Gold Dinar (£3,720,000-$6,029,400) 307
1804 $10 Proof Eagle (5,280,000) PCGS PF65+ DCAM 308

CHAPTER 24: **Ten Favorite U.S. Coin Designs** 311
1792 Silver Center Cent 311
1849 Double Eagle. 312
1907 Ultra-High Relief Double Eagle. 313
1822 Half Eagle 313
1785 Immune Columbia Constelatio in Gold 314
1776 Continental Dollar 314
1793 Wreath Cent 315
1809–36 Capped Bust Half Dollar, Second Style. 315
1794 Flowing Hair Dollar 315
1808 Quarter Eagle 316

CHAPTER 25: **Ten Ways to Get Your Kids Involved in Coin Collecting** 317
Show Them Some of Your Favorite Coins 317
Show Them a Book That Illustrates the Coins You Own 318
Show Them Interesting Coin Websites. 318
Start Them on Collecting the 50 State Quarters or the Presidential $1 Coins. 319
Use Coins in a School Project 319
Take Them to a Museum 320
Take Them to a Coin Dealer. 320
Take Them to a Coin Show. 321
Take Them to a Coin Auction. 321
Take Them to a U.S. Mint 321

GLOSSARY 323

INDEX 331

Introduction

Welcome to *Coin Collecting For Dummies,* 3rd Edition. You may have just discovered coin collecting for the first time and want to find out more. Or perhaps you've collected coins for a while and want to take your hobby to the next level.

Coin collecting is a hobby you can share with family and friends. It's relaxing and as expensive or inexpensive as you want it to be. Coin collecting teaches history, geography, observational skills, organizational skills, and analytical tools — all without your thinking about it. If you buy properly, coins can be an excellent place to park your money for a rainy day, and if you buy the right coins and the market improves, you may even be able to make a profit on your collection someday.

About This Book

The purpose of this book is to turn you into a world-class coin collector in as short a period of time as possible. The chapters are laid out in parts that focus on particular areas of *numismatics* (the study of coins), including getting involved in coin collecting; deciding what to collect; protecting yourself and your coins; and grading, buying, and selling coins.

This book is designed to appeal to collectors at every level, from beginner to advanced. We've written it in everyday English without overloading you with a bunch of coin terms. (If you run across a term you don't understand, you can find a great glossary in the back of the book.) This isn't a hardcore coin book but a great general reference that points you in different directions for further investigation. You can always come back to this book to regroup, resupply, and ready yourself for something new.

Perhaps the most important goal of this book is to get you excited — and to keep you excited — about coin collecting. Coin collecting has been an important part of our lives for many years, and we hope you'll develop a sense of appreciation for the hobby as well.

No one needs coins, but if you decide to collect them, you certainly need this book. We wish we'd had one like it at the beginning of our collecting careers. Coin collecting can be a confusing maze of choices sprinkled with little traps along the way. Sure, you can go it alone, but why not make your journey into numismatics a lot easier by picking our brains and learning from the mistakes we've made over the past several decades?

Coin collecting is a huge, wide-open field. Think of this book as a road map to help you navigate. Different issues may become important to you as your collecting evolves, so keep this book handy, and refer to it often.

Foolish Assumptions

We don't make many assumptions about you, but we do assume that at least one of the following statements applies to you:

- You've never collected coins, but you're interested in getting started, and you don't know where to begin.
- You've collected a few coins here and there, but you want to get serious and take your coin collecting to the next level.
- You're an advanced coin collector who loves to read every book on coin collecting, just to make sure you haven't overlooked something critical.
- Coins, schmoins — you're a collector of *For Dummies* books. You own every book in the series, and you're not about to let this one be the first gap in your collection.

Icons Used in This Book

Throughout this book are handy road signs, called *icons*, that point you toward valuable advice and away from potential hazards.

REMEMBER

This information is the type you want at your fingertips. Consider marking these pages for quick reference.

TECHNICAL STUFF

This icon highlights deeper, more technical information that may come in handy as you pursue coin collecting. Feel free to read or skip these mini-lectures!

TIP

An old hobby that continues to evolve has developed many shortcuts to help its participants have more fun. This icon highlights some of the most important tips.

WARNING

Heeding the advice next to these icons helps you spend wisely so you'll have additional pennies for the stuff you really can use.

Beyond the Book

This book's Cheat Sheet offers lists of useful coin dealers, auction houses, websites, and magazines for numismatists. You can get it simply by going to `www.dummies.com` and searching for *Coin Collecting For Dummies Cheat Sheet*.

Where to Go from Here

This book is a reference book, which means you can dip into it when you need a piece of information; you don't have to read it from beginning to end. (If you *want* to read it from beginning to end, of course, we won't complain!)

If you're getting started with coin collecting, Part 1 is a good place to begin. If you already know the basics, and you'd like to start looking at specific coins to add to your collection, parts 2 and 3 are for you. If you're ready to buy or sell, check out parts 4 and 5, respectively. And if you're short on time but still want some fun and useful information, you can't go wrong with any of the chapters in Part 6.

We hope that your journey through the world of coin collecting is as much fun as ours has been!

1

Making Heads and Tails out of Coin Collecting

IN THIS PART . . .

Understand why coin collecting is such a fun and exciting hobby and why millions of people now call themselves coin collectors.

Learn why finding out as much as you can about coin collecting is so important — not just to protect yourself as a consumer, but also to give you a big advantage over other collectors

Take advantage of the wholesale pricing that's available to the smart collector.

Explore buying strategies and how to best plan your collection so that you maximize the money you spend on, well, money! The right strategy saves you time and money and increases your enjoyment of the hobby.

Check out a number of options for storing your coins so that they remain as beautiful and as valuable as they are today.

Deal with security issues and learn how best to protect your coins from theft and harm.

IN THIS CHAPTER

- **Moving from a coin admirer to a coin collector**
- **Buying your first coins**
- **Getting the best deal for your coins when it's time to sell**

Chapter 1

Welcome to the World of Coin Collecting

The first actual coinage as we know it today dates back to the Lydian civilization of about 650 BC. The coins were really nothing more than crude, preweighed pieces of silver, electrum, or gold, stamped with a punch by the king who made them. Soon thereafter, dies were invented that were fancy enough to identify the king who issued the coin and the value that each coin carried in trade.

Formally called coins at this point, those that were available in quantity and found to be reliable in their weight and purity became acceptable to all who traded them. These so-called trade coins started the use of coinage in commerce as we know it today. The trading efficiencies that coins afforded over barter were so great and so obvious that all those in economic power copied the idea to benefit themselves and their own people.

Countless rulers made huge quantities of coins, after which barter became the second-favorite way to trade. Trading with coins and exchanging coins of one country for those of another became a profession. (The traders were the moneychangers and, later, the first bankers.)

B.C: BEFORE COINS

Before the invention of coins, most commerce was done in trade, by bartering. Every time one man wanted to trade the extra goods he had for the goods he needed, he had to set a rate of exchange for every item he traded with every one of his trading partners every time they met. How much cauliflower for how much salt? How many sheep for a cow? What to pay to the chief in return for his protection?

This cumbersome process was probably confusing and time-consuming, and no doubt dreadfully inefficient and very stressful. It probably led to heated arguments and maybe even fights. One man wants to trade a cow for some sheep, but the guy with the sheep wants a horse. The fellow with the food already has water and three daughters, but he's willing to trade for husbands for his daughters or for wine or axes. But the guy who makes ax heads doesn't feel well, so there's a shortage of his fine product. The chief wants his taxes in arrowheads, axes, and knives, probably not daughters. And so it went. Trade, although necessary, was barely productive and definitely not fun.

Out of this carousal of chaos in the barter economy came the first standards of trade. A *standard* in trade is an item that everyone who trades agrees has a value against which everything else can be judged and then traded. Objects used in this way have included iron bars, seashells (in inland areas where seashells weren't found), animals, beads, grain, salt, obsidian (volcanic glass), stone arrowheads, and knives, and bone fishhooks. Standards of trade slightly simplified the trading process into a productive and at least somewhat social event.

Next came man's discovery of metal in a natural state. The first of these metals was iron (from meteorites), followed by copper, gold, and silver. These metals were desirable not just because they were great for making tools, but also because of their beauty. Over time, the metals became the most acceptable items for exchange. A man could sell his cow for gold and have something to trade for food the next month. For the most part, these metals were small and convenient to carry and store, making for the first universal medium of exchange.

Still, during each trade, the amount of each metal varied in weight and in pureness. To solve this problem, the natural solution was weighing and marking the value on each piece. Eventually, the local chief took to marking each unit with its value and assigning his mark, indicating its acceptability in trade. Trade expanded to include metal arrowheads, knife blades, and even nails, the direct ancestors of coins as we know them today.

Since the earliest days of coins, tens of thousands of princes, kings, and emperors, as well as an untold number of cities, states, kingdoms, and empires around the world, manufactured coins. Many of them have vanished. But before they disappeared, they minted and issued multiple millions of coins in hundreds of thousands of designs, sizes, denominations, and metals, leaving them for us to find. In fact there are empires that did exist that have only been discovered and identified due to the coinage left behind. The first coin collector undoubtedly appeared along with the first coin. And collecting coins became a social event, as much fun then as it is today.

On Your Mark, Get Set, Go: Starting Your Coin Collection

Coins have been collected by everyone from Roman emperors (Julius Caesar and Trajan) to U.S. presidents (Harry Truman and Thomas Jefferson) to kings (King Victor Emmanuel of Italy , King Farouk of Egypt, and King Louis XVI of France) to millions of commoners like us.

You can join millions of famous and not-so-famous folks of the past and present and have lots of fun collecting coins, but first, you need to arm yourself with some information. Every coin collector builds their collection differently. Some people with little imagination go for the simplest and least interesting coins; others with more derring-do go for complex and confusing ones. The good news: There isn't one right way to collect coins, so no matter how you go about it, you can have a good time. For an overview of coin collecting, including the whys and hows, turn to Chapter 2.

Before you spend a dime on collecting coins, you need a buying strategy. You need to know how to research the coins you're interested in, as well as how condition, rarity, supply, and other factors influence the coins' values. Most beginning coin collectors get hung up on values. Don't get me wrong: Value is important, but it's just one of the things you may want to consider when collecting coins. Also important, are discovering which coins interest you and building a collection you can enjoy. I cover all these topics in Chapter 3.

When you've decided to give coin collecting a green light, and you've set up a plan for building your coin collection, you'll want to be sure you know how to hold a coin correctly (because if you don't hold it correctly, you could damage it) and how to store your collection (to keep it safe from all the evils that can befall a coin). Turn to Chapter 4 for more information on storing and handling your coin collection, whether it consists of one coin or a hundred.

Eeny, Meeny, Miney, Moe: Deciding Which Coins to Collect

Sure, you could rush out to the nearest coin dealer and fork over a bunch of cash for the first shiny coin you see. But in the trade, a common expression is “Buy the book before you buy the coin.” I recommend getting familiar with what’s out there first. Maybe ancient Greek or Roman coins or coins from the biblical period suit your fancy. Maybe you’re blown away by coins from the Byzantine Empire or mowed down by medieval European coins. You have unlimited choices in these areas alone; turn to Chapter 5 for the lowdown.

On the other hand, maybe you’re more interested in modern U.S. coins. If so, you’re not alone. The U.S. Mint has sold coins to millions of people in the past few years. That’s a lot of collectors, so you can count on meeting all kinds of new people and making friends as you build your U.S. coin collection. For more on U.S. coins, check out Chapter 6.

Maybe you’re more interested in collecting coins from around the world than you are in sticking with the red, white, and blue. You can collect by country, by denomination, by date, by size, or by topic. Coins go in and out of style, too — maybe not as fast as fashion trends `brands of blue jeans`, but there are trends in coin collecting, and as a collector, you should be aware of them. You can find more on this topic in Chapter 7.

Finally, even though you may not think of the word *wild* when you think of coin collecting, trust me: Numismatics has a definite wild side. If you fancy yourself to be a bit of a rebel, or if you like to tread the road less traveled, all those rare, expensive, odd, and curious forms of money may be just right for you. In Chapter 8, I fill you in on what’s out there, touching on collecting the coins in the best of conditions and investigating all manner of tokens and dies along the way.

I Pledge Allegiance: Turning Your Attention to U.S. Coins

All kinds of coins have been used in the United States, starting with coins that the colonists used before they got together and became a country. Before Thomas Jefferson sat down to try his hand at declaring independence, foreign coins — from France, Great Britain, Ireland, Mexico, and Spain — were used, as were coins made in the colonies themselves.This included Connecticut, Massachusetts, New

Jersey, New York, and Vermont. For more on privately made coins, tokens, and medals and the desirable coins of the Continental Congress, turn to Chapter 9.

In Chapter 10, I cover copper and nickel federal coinage, including copper half cents, large cents, small cents, and two cents, as well as nickel three cents and five cents. I bet you'll discover some denominations that you've never heard of before.

Silver coins make up the bulk of U.S. federal coinage prior to 1964. In Chapter 11, I cover 3 cents, half dimes, dimes, 20 cents, quarter dollars, half dollars, and dollars. Almost everyone has seen a silver dollar, but how about a silver half dime or a 20-cent piece?

The balance of U.S. federal coinage made of metal is pretty much confined to gold coins (my personal favorite). In Chapter 12, I discuss $1 gold, Quarter Eagles ($2.50), $3 gold, $4 gold, Half Eagles ($5), Eagles ($10), and Double Eagles ($20). These coins are the royalty of U.S. coinage, and they're as popular with collectors today as they were with merchants more than 200 years ago.

Coins are made for more reasons than just commerce. In Chapter 13, I cover *commemoratives* (coins that were made for special reasons), including the new 50 State Quarters program and its cousin, the Presidential $1 Coins program.

Chapter 14 brings you odd and unusual coins, including *patterns* (coin designs that never made it into production); private pioneer gold, including Quintuple Eagles, or *slugs* for short ($50); coins of the 1830s through the Civil War; Confederate coins; Hawaiian coins; coins made as proofs; and coins made with errors (yep, people collect them too!).

I'll Take That One, and That One, and That One: Buying Coins

Coin collecting isn't without its pitfalls. If you want your coin collecting to be more fun than not, you need to know what the pitfalls are and how to avoid them. I fill you in on grading and fakes, as well as coins that have been repaired, restored, recolored, cleaned, or dipped — and what those terms mean. I also discuss scams, misrepresentations, overgraded coins, and undergraded coins, as well as return privileges and guarantees of authenticity and grade.

Part of buying coins is finding coin price guides and knowing how to use them. If you've ever looked up a stock price in the newspaper, using coin price guides will be a lot more comprehensible (and if you haven't, don't worry; I'll walk you through it).

When you know which coins you want to buy and how much you should expect to pay, you'll want to find a good, reliable coin dealer. There areYou have plenty of dealers to choose among locally, regionally, and nationally, depending on your needs. Chapter 15 shows you how to select a dealer with confidence.

Many coins are bought and sold at public auction — and for more than a few good reasons. If you're going to buy a coin at an auctionthough, you need to be prepared and know how to bid. In Chapter 20, I cover this topic, including the rules you need to be aware of.

An important aspect of buying any coin is the coin's condition and how it affects coin value. You need to know about strike, eye appeal, luster, and condition (wear), as well as who grades coins and how coins are graded, how grade affects the coin's price, and what constitutes modern grading standards. Turn to Chapter 19.

Finally, when it comes to buying coins, it helps to know how coins are graded, what the tools required are to do the job correctly, and how to find a professional grading service. Chapter 18 is where I fill you in.

Parting Is Such Sweet Sorrow: Selling Your Coins

There's an art to selling anything, and coins are no exception. You need to know what to expect when you sell your coins., Decide whether to sell your coins yourself, and prepare to make the sale. You will need to get your coins properly graded and fairly priced, find coin dealers to sell to, and keep records of your sales. Turn to Chapter 19 for the lowdown.

If you decide to have a professional sell your coins, your choices are to sell directly to a dealer, on consignment, or at a public auction. You have to make sure that you're paying a fair commission, know how to set a price, and choose a dealer. If you decide to go the auction route, you need to know how to pick an auction house, the fees you should expect to pay, and the fees you should *not* pay. Chapter 21 fills you in. I also tell you what you'll find in an auction contract and provide a handy list and up-to-date description of all the current leading coin auctioneers in the United States.

Coin selling involves certain legal and tax responsibilities. In the United States, selling just about anything for a profit is taxable and sadly, coins are no exception. You need to understand your tax obligations and the ways to minimize them, as well as the like-kind exchange rule in taxes. I cover this topic in Chapter 22 and also briefly touch on coins as investments. Coin collecting is lots of fun, but it's less fun if the Internal Revenue Service comes pounding on your door. Don't let fear of legal or tax issues deter you: In this last chapter before the Part of Tens, I give you the information you need so that you can focus on the fun of buying and selling coins, not on the legalities.

We're talking about big money when we do a count down of the top ten most valuable U.S. coins in The Part of Tens as well as a look at ten favorite designs. In this section, I give you ten tips to get the kids involved and share the love so that the next generation can develop an appreciation for the history and get excited about the hunt when coin collecting.

Lastly, I provide a glossary of terms and basic jargon to help because Numismatics is a specialized language on its own, as you can tell from what we call ourselves!

IN THIS CHAPTER

- **Understanding the satisfaction and enjoyment that the word *numismatics* instills**
- **Collecting coins from silver dollars to 50 State Quarters**

Chapter 2

Understanding Numismatics

I bet you have a jar at home into which you throw your loose change at the end of each day. At some point, the jar gets so full that you have to empty it, roll up the coins, take them to the bank, or dump them into the automatic coin counter bank and exchange them for paper money. As you separate the coins, are you ever distracted for a short moment by the coins themselves? Do you see details that you previously didn't notice — cents with wheat backs, different types of nickels, and so on? Are you suddenly intrigued by the very fact that these small pieces of metal represent value, history, and hard labor? Have you ever had the desire to sort the coins by the types and dates, trying to see how many different ones you can find? Have you ever picked through the coins, trying to find the best-looking one?

If you have, you've experienced a delicious taste of what it is to be a coin collector. Coin collecting refines a person's natural desire to accumulate things. Coin collecting teaches about organization, classification, preservation, authentication, verification, and pride in ownership. Coins humble collectors with their ancient stories. The coin you hold in your hand may have witnessed the fall of Rome, been carried by a king, endured the Black Plague, been carried by a GI on D-Day, or may simply be a brand-new coin about to begin its own journey.

The fact that you're reading this book is a good sign that you've already been bitten by the collecting bug. Coin collecting is a passion whose fuel is to find out as much as you can about the hobby and treat yourself with an occasional addition to your growing collection. This chapter helps you get started.

Admitting Your Numismatism

Numismatics (new-miz-*mat*-ics) is the systematic study of coins, medals, tokens, currency, and the like. Therefore, a *numismatist* (new-*miz*-ma-tist) is someone who studies coins seriously.

No, you don't have to know how to pronounce or spell these words to be a coin collector, but sooner or later, you'll be wearing them like badges of honor. After all, you'll be joining a rich company of kings, queens, presidents, industrialists, robber barons, brewers, and tens of millions of other folks who have been proud to be known as coin collectors — and a few who actually became numismatists.

Discovering How Cool Coin Collecting Can Be

People love money. People love other people who have money. Coin collectors collect money. Therefore, people love coin collectors.

Don't believe me? Try this test: Go down to your local coin store, and buy a common Morgan or Peace silver dollar dated anywhere from 1878 to 1935. Pick out a nice one, but don't pay more than $40 for it. Put it in your pocket the next time you go to a party. At the party, casually pull the coin out of your pocket and show it to your friends. You'll probably get comments like these:

- "Where in the world did you get that?"
- "I haven't seen one of those for years."
- "My grandpa used to give me one of those every year for my birthday."
- "Is that a real silver dollar?"
- "Can you get me one?"

Return the coin to your pocket, and pull out a picture of your kid or your dog. Almost everyone has a kid or a dog so the party returns to normal. Boring!

Collecting versus Accumulating

The collecting instinct is a common trait among people; it shows up in many ways. You'll discover that many of your friends are collectors of something. Who do you know who collects baseball cards, comic books, vinyl, Coca-Cola memorabilia, books, or dolls? Even people who claim to collect nothing probably have accumulations of something they haven't even realized they're accumulating — tools, newspapers, shoes, you name it. There's a special comfort in collecting, in surrounding yourself with familiar objects and building a store of assets — perhaps in response to some primeval instinct that prepares you for a rainy day.

The allure of money is especially strong. Coins represent real value. Coins can be exchanged for other objects we desire. Coins travel throughout the world and through time itself, representing and absorbing history as they pass from one person to the next. Oh, the stories coins could tell if only they had voices! And they're everywhere, because no one anywhere ever throws away old money.

Pull a dime out of your pocket, and what do you see? If all you see is 10 cents to spend, I've got a lot of work to do. But if you look at your dime and wonder at the artistic work of the engraver and the meaning of the symbols and the words, or if you see Franklin Roosevelt, the Great Depression, and the New Deal, groovy you're hooked! You're going to make a great coin collector and, perhaps, one day, a numismatist!

TECHNICAL STUFF

I make a distinction in this book between *numismatists* (those who study coins) and *coin collectors* (those who collect coins). You can be a numismatist without being a coin collector, you can be a coin collector without being a numismatist, or you can be both.

TIP

Not sure whether you have that collecting instinct? Here's a great way to find out whether you're an accumulator or whether you have the potential to become a coin collector:

1. **Visit your local coin store or online, and purchase a folder made for pennies from the '80s, '90s, and 2000s.**

   A *folder* is a cardboard holder with holes for every date.

2. **Raid your change jar, or go to the bank and buy $20 worth of pennies.**
3. **Sort out the coins, and fill as many spots`holes` as you can.**

   If possible, find the best-looking coins to place in the folder.

WHAT MAKES A COLLECTION COMPLETE?

Completion is in the eye of the beholder. Many years ago, some coin collectors were interested only in collecting by date. Therefore, to be complete, a collection had to include one coin from every year that the coin was minted. Later, collectors developed an interest in *mintmarks* — the tiny letters that indicate where a coin was minted. Suddenly, to be complete, a collection had to include a coin from every year and from every mint. Then came collecting by *variety* (major or minor changes in the design of a coin), and the definition of completion expanded even further.

Obviously, completion is an ever-changing standard. Taken to the extreme, the only complete collection of coins is one that includes every coin ever made! Striving for completion will drive you nuts. Instead, decide on your own goals, and set your own standards for completion. When you've completed that collection, consider a new definition of completion, and go for it! ***Remember:*** There's no "correct" way to collect.

4. **After you've gone through all the coins, sit back and take a look at your work.**

   Do you wonder why some coins were harder to find than others? Do you wonder why you couldn't find even a single example of some coins? Are you interested in completing the set? Did you have fun searching through the coins?

   If you answered yes to any of these questions, you've discovered the difference between being a collector and an accumulator — and in case you're wondering, you're a collector.

Collecting Various Types of Coins

Throughout the years, people around the world have experimented with a variety of items used to denote value. The natives of Papua New Guinea valued the dried carcasses of the beautiful bird of paradise. The Yap Islanders valued huge round stones. The early Chinese created copper money in the shape of knives. Native Americans made and used *wampum* (clamshells, handmade into beads, polished, drilled, and strung on strands of leather) as a medium of exchange. All sorts of innovative methods have been used to facilitate trading, but none of them became so convenient and important as those little round pieces of metal we call coins.

Gold and silver coins

Look at the history of coins, and you'll notice that two metals have played a critical part in the development of money: gold and silver. These two metals formed the basis of most great civilizations' systems of money. Greece, Rome, Egypt, Spain, England, the United States, and other civilizations all based their monetary systems on gold and silver at one time or another. When you hear about the great treasures of the world, you imagine piles of gold and silver, not piles of tin and copper. Why have people throughout the ages been so in love with gold and silver when there are plenty of other metals?

Gold is popular because it's

- **Rare:** Gold is one of those metals that has been recognized as being rare and desirable for more than 6,000 years, but it isn't so rare that it's impossible to find.
- **A naturally occurring element:** Gold is found in nature as flakes or nuggets on the surface of the Earth, in rivers, or in thin veins buried deep within the Earth. The purity of natural gold may vary from one location to the next, but it requires little processing to achieve a uniform quality. There's gold to be found on every continent.
- **Malleable:** Pure gold is soft and can be beaten into extremely thin sheets or pulled into long wires or strips. Because it's so soft, gold takes good impressions from *dies* (the steel cylinders used to strike coins), and it won't wear them out as fast as a harder metal would. Or it can be alloyed with other metals and made as hard as you want.
- **Reasonably inert:** In nature or in normal use, gold won't react with moisture, oxygen, or human skin, which means that jewelry and coins made of gold will last virtually forever.
- **Beautiful:** Pure gold has a soft yellow color and a gorgeous sheen that has appealed to people's visual senses since we lived in caves. Mix gold with silver or copper, and you'll come up with an interesting range of colors. The colors that come up most frequently on U.S. gold coins are pale reds, light greens, soft pinks, and white.

WARNING

Many collectors prefer coins that are white and untarnished; other collectors pay huge premiums for coins with natural, bright, rainbow-colored tarnish known to collectors as *toning.* Be aware that toning isn't always natural and can — whether it's natural or not — often hide flaws and defects that could dramatically lower the value of the coin, which is just one reason why serious collectors collect certified coins.

Silver is popular because it’s

- **Common:** Vast quantities of silver have been found in various parts of the world, including the United States, Mexico, and South America. Because it’s common, silver is the perfect metal for creating lower-value coins for use by the general public.
- **A naturally occurring element:** Found deep within the Earth, silver is usually mixed with another great coinage metal: gold. Although native silver is perfectly good for casting into ingots and making into coins, most of it is processed to purify the silver and to separate out the more valuable gold.
- **Beautiful:** Pure silver has a bright white luster and a deep brilliance. As it tarnishes, silver can acquire some lovely colors, including blues, reds, and purples, especially coins that have been stored near a source of sulfur, such as paper albums.

Commemorative coins

In the 1930s, numerous proposals for commemorative coins appeared before the U.S. Congress. Although many of the coinage bills had narrow appeal, they became law, and the U.S. Mint dutifully struck the coins (including the one shown in Figure 2-1), which were sold through distributors who added a premium above the face value of the coins. Members of the collecting public paid a premium for the coins and were happy to add them to their collections. But the U.S. Mint, producing a new coin every few months, almost seemed to be saying to collectors, “Here’s the latest commemorative. Please send your money — and by the way, there’s another commemorative coin coming out next month, so please be ready to send your money for that one as well.”

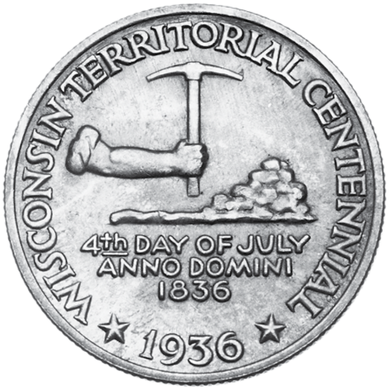


FIGURE 2-1: A commemorative coin.

Collectors complained that too many different coins were being produced and that speculators were manipulating the markets and prices. Both situations were true. The U.S. Mint got the hint, the flood of commemoratives slowed to a trickle, and collectors were happy again. In the late 20th century, the Mint went back to making tons of commemorative coins, and collectors started complained again. Keeping up with the new issues was becoming a costly proposition. Nevertheless, many new people were attracted to coin collecting by often-beautiful commemorative coins, just as they are by today's commemorative coin designs. (In Chapter 13, I tell you more about these interesting coins.)

BU Rolls

In the late 1950s and early 1960s, collectors went nuts for *BU rolls* — those original bank-wrapped rolls of Brilliant Uncirculated coins (such as those shown in Figure 2-2). Collectors tried to obtain rolls of as many dates, denominations, and mintmarks as they could. Certain issues, such as the 1950-D nickel, were promoted as being rare, and prices shot up. One day, the public woke up and realized that coins with mintages in the millions weren't rare and would never be rare. Today, the BU 1950-D nickel roll remains cheaper than it was 35 years ago, and new collectors can't understand why BU penny rolls from the 1950s are so inexpensive. Like all good fads, the BU Roll craze created lots of new collectors.

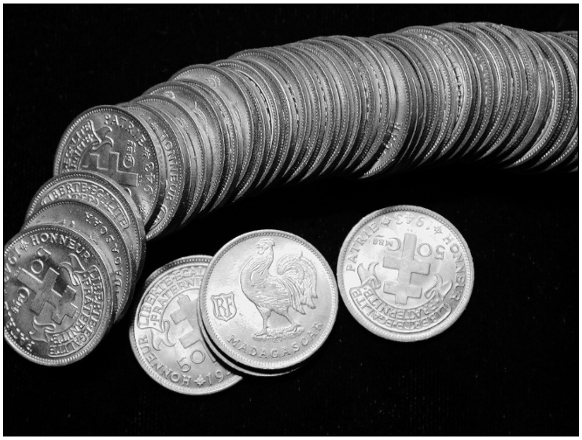


FIGURE 2-2: BU rolls.

TECHNICAL STUFF

A *mintmark* is a tiny letter (or letters) indicating where the coin was minted. The U.S. Mint is headquartered in Washington, D.C., and currently has facilities in Philadelphia, Pennsylvania (P or no letter); Denver, Colorado (D); San Francisco, California (S); West Point, New York (W); and Fort Knox, Kentucky (where U.S. gold bullion is stored but no coins are minted). In the past, coins were minted in Dahlonega, Georgia (D); Carson City, Nevada (CC); New Orleans, Louisiana (O);

and Charlotte, North Carolina (C). Notice that two mints — Dahlonega and Denver — use the same letter. These mints made coins during different time periods, however, so it's easy to tell them apart.

silver certificates

The front of old silver certificates (like the one shown in Figure 2-3) state that they're redeemable on demand at a federally insured bank for one silver dollar (or, later, for silver). The U. S. paper silver dollar was exchangeable for a metal silver dollar from 1863 to 1968. In 1964, the government changed the law and said that it was no longer going to exchange paper money for silver money; it gave people until June 24, 1968, to exchange any silver certificates they had on hand. Since that date, the government has had no obligation to exchange silver certificates for silver or silver coins, although the certificates are still legal tender for all debts public and private. Because of their high numismatic value, though, some of these certificates have greater value as collector's items than as money.

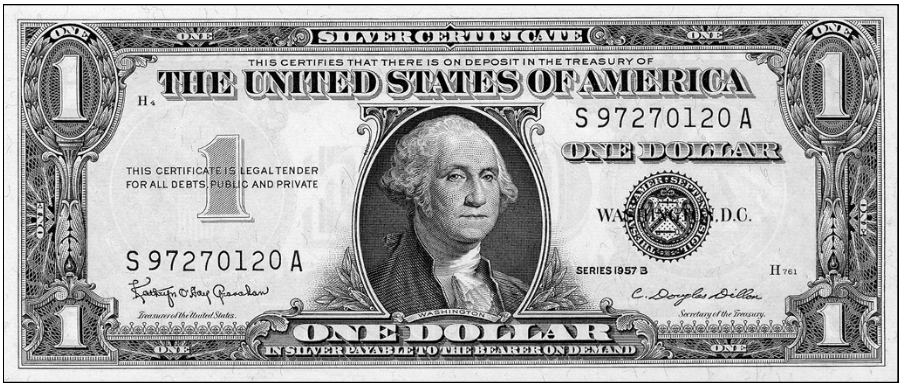

SILVER CERTIFICATE
THIS CERTIFIES THAT THERE IS ON DEPOSIT IN THE TREASURY OF
THE UNITED STATES OF AMERICA
S 97270120 A
ONE DOLLAR
THIS CERTIFICATE IS LEGAL TENDER FOR ALL DEBTS, PUBLIC AND PRIVATE
WASHINGTON, D.C.
SERIES 1957 B
ONE DOLLAR
IN SILVER PAYABLE TO THE BEARER ON DEMAND

FIGURE 2-3: Silver certificates.

Andrey_Lobachev / Adobe Stock

TECHNICAL STUFF

The paper silver dollar was exchangeable for a metal silver dollar from 1863 to 1964. When the metal in the silver dollar became worth more than a dollar, the U.S. government stopped exchanging the paper dollar for the metal dollar.

Getting Excited about Collecting Today

As kids, we could ride our bikes to the bank on a Saturday morning and swapped our allowance for rolls of coins. At the bench outside the bank, unwrapped the rolls, and pulled out all the old coins we could find. Then, fill the rolls with replacement coins, and run back inside to the teller, and swapped the picked-over rolls for new ones, repeating the process until they ran out of money or time. At the end of the morning, we would have piles of Indian-head cents, buffalo nickels, Mercury dimes, Standing Liberty quarters, Walking Liberty half dollars, and plenty of the more modern silver coins that had been discontinued a few years earlier. We spent the next week trading our treasures with other kids, and even sold some of the coins to local coin dealers — at a profit. We were budding tycoons having lots of fun.

Sadly, since the late 1980s, kids would be wasting their time trying to find anything rare or unusual in change. Occasionally, a *Wheatie* (the Lincoln cent with wheat ears on the back, struck before 1959) shows up, but all the silver coins have disappeared, and the modern-clad coins have huge mintages and no collector value. No wonder kids have migrated away from coins to baseball cards, and other collectibles.

Past programs like the 50 State Quarters and Sacagawea Dollars brought many new people into the hobby of coin collecting. Here are a couple of the reasons why people got getting excited about coin collecting again.

50 State Quarters

In 1999, the U.S. Mint began the 50 State Quarters program, issuing a series of 50 special quarter dollars, each representing an individual state. (The Delaware Quarter is shown in Figure 2-4.) The new coins have a common *obverse* (coin front); the *reverses* (coin backs) are chosen from designs submitted by each state. Each year, five new quarters were issued, spreading the program over a total of ten years. The U.S. Treasury reports that more than 100 million Americans collected the state quarters, including many who were completely new to collecting. To find out more about the 50 State Quarters program, turn to Chapter 13.

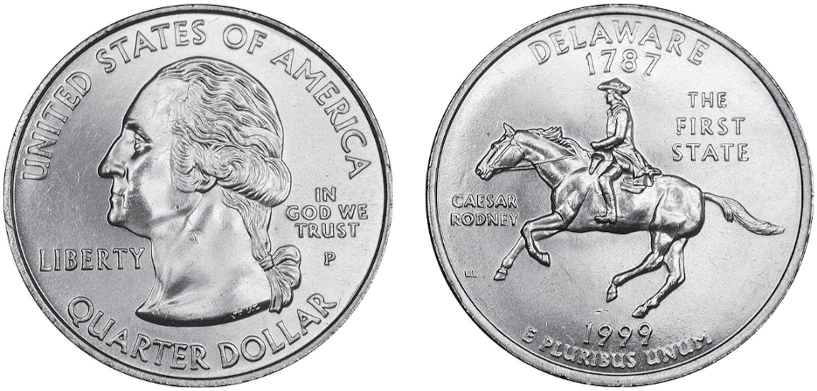


FIGURE 2-4: The 1999 Delaware Quarter — first of the 50 State Quarters.

Sacagawea dollar

In what was perhaps the biggest and most expensive advertising campaign ever for a new coin, the U.S. Mint introduced a new $1 coin in 2000. The new dollar (shown in Figure 2-5) featured the Native American guide Sacagawea and her infant son on the front, and an eagle on the back. To make the coin distinctive, the edge was left flat and plain, and the entire coin was struck from an alloy the color of gold. In a stroke of genius, the U.S. Mint contracted with Walmart stores throughout the country to distribute the new coins in limited quantities. Banks received very few of the coins, creating the false impression that the new coins were rare. In fact, billions of the Sacagawea dollars have been produced, so they'll never be rare, but try to find one at your local bank or retail store. On top of that, many people thought the coins were made of real gold!

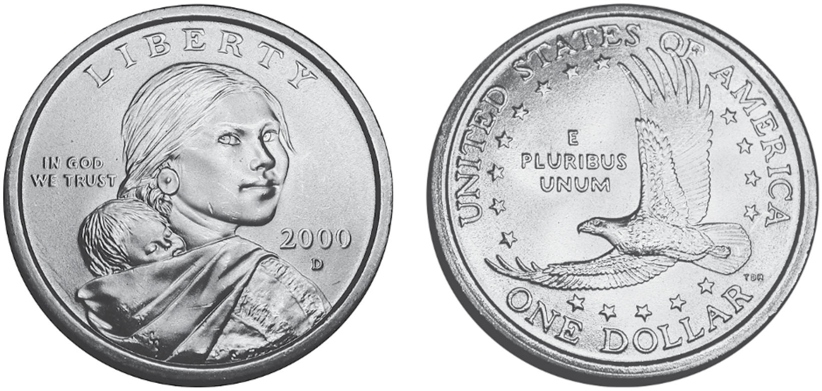


FIGURE 2-5: The 2000 Sacagawea dollar.

The public gobbled up these coins like crazy and locked them away in their sock drawers and safe-deposit boxes. Many of these hoarders have discovered the joys of numismatics and are now actively involved in collecting other coins as well.

New commemorative issues

In the "Commemorative coins" section earlier in this chapter, I mention abuses in the commemorative coin programs in the 1930s. Collectors in the 1940s and 1950s had a few commemorative coins to choose among, but collectors in the 1960s and 1970s were left high and dry. In 1982, the U.S. Mint began issuing commemorative coins again on a tentative basis. Today, the mint has hit its stride, issuing one or more commemorative coins each year in a variety of metals, set combinations, and price levels. New commemorative coins are available in gold, silver, and copper–nickel on subjects that appeal to a broad audience. Each new issue creates excitement among existing collectors and brings new collectors into the hobby, but the large mintages make it unlikely that the coins will increase in value. (See Chapter 13 to find out more about the many interesting commemorative coins issued by the U.S. government.)

Error coins

We give the U.S. Mint a lot of credit for a job well done. It reintroduced the Susan B. Anthony dollar, created and marketed the incredibly popular Sacagawea dollar, came up with 40 new quarter dollar designs in eight years, and worked around the clock to strike billions and billions of coins so that we can go out and spend them. As coin collectors and dealers, we owe a debt of gratitude to the U.S. Mint for doing something I've been trying to do for decades: getting people interested in numismatics.

I don't say that mints are perfect. In fact, I acknowledge that the U.S. Mint is far from perfect. But as far as numismatics goes, imperfection is a good thing. Few industries have product lines in which the rejected items are more valuable than the perfect ones. Bad light bulbs get thrown away, imperfect clothing is sold as seconds, and defective washing machines sell in classified ads. None of them fetches a premium — certainly not the tens of thousands of dollars that some coin errors have brought.

In 2000, several spectacular error coins stunned the numismatic world. One such error was a coin with the front of a 50 State Quarter and the back of a Sacagawea dollar — the first U.S. coin ever to bear two denominations. Because the two dies differ in diameter, no one believed that it was possible for such an error to exist; in fact, some professionals believe that these error coins were made deliberately. The error received tremendous publicity in the national media, causing millions of noncollectors to begin examining their change. You can bet that many of them have become coin collectors.

Error coins not only capture the essence of the manufacturing process but also one's curiousity. More recently, an error on the strike of Lincoln Presidental Dollars omitted some edge lettering, which catapulted this coin to sell for as much as $500, depending on condition.

The Fred Weingberg Collection, known as one of the greatest modern day collections of U.S. mint errors, highlights a 2000-P Sacagawea dollar/Washington Quarter mule — one of the rarest mint errors — and a 1880-S Morgan dollar, graded MS63 by PCGS and struck 40 percent off center. Both of these coveted mint error coins are expected to capture a premium sum at a Heritage Auction in 2022.

IN THIS CHAPTER

- Researching coins
- Determining a coin's value
- Collecting what interests you

Chapter 3

Arming Yourself with Knowledge

On one hand, becoming a coin collector is easy. On the other hand, becoming a good collector requires some effort and planning. New collectors are often overwhelmed by language they've never heard before, concerns about counterfeit coins, grading issues, and so on. Unfortunately, there's no Coin Collecting University . . . unless you count the School of Hard Knocks, where the tuition can be high and the classes are really tough. But you can study on your own and become quite knowledgeable in your own right.

In this chapter, I show you the importance of finding out what you need to know about coins, knowing where to go for advice, and establishing long-term collecting goals.

Gaining Knowledge Before You Buy

They say that if you give a person a fish, you feed them for a day, but if you teach a person how to fish, you feed them for a lifetime. You must learn the basics of fishing (in this case, coin collecting) before you make your first cast (your first coin purchase). That way, you'll know why you're "fishing," what you're "fishing" for, and what you're going to do after you catch your first "fish!"

Understanding the parts and purpose of a coin

Before you start collecting coins, it helps to know what a coin is.

Coins have three sides. The front of the coin is called the *obverse;* the back, the *reverse;* and the edge is . . . well, the *edge.* Modern coins are usually *struck* (stamped) from *dies,* which are pieces of metal (usually steel) with designs on them. There are three dies: the obverse die, the reverse die, and the collar die (which strikes the edge). *Engravers* (artists with engraving tools) create the designs on the dies. In the past, this work was done entirely by hand, but now much of this process is automated. *Legends* and *mottoes* are the words that you see on both sides of a coin. Many of the designs and wording are required by law; others are included at the discretion of the designer and the minting authority.

Coins are struck at a *mint,* which usually is a government-run operation. The number of coins struck is called the *mintage.* Coins are struck for the following uses:

- **General circulation:** These coins are called *business strikes,* and they're intended for use in commerce. The coins you have in your pocket or coin purse and spend throughout your day fall into this category.
- **Proofs:** These coins are made especially for collectors. Today, the quality of proof coins is substantially higher than that of coins struck for circulation.

Believe it or not, now you know as much about coins as most beginning collectors do.

Putting the book before the coin

Many numismatic book purveyors used to place this slogan in their advertisements: "Buy the book before the coin." This advice became increasingly important as the prices of coins rose to dizzying heights over the years.

This advice still rings true, but the sources of information about numismatics have expanded to include the Internet.

The best way to find out about coins is to read about them (so pat yourself on the back for making the effort to educate yourself). Whether you prefer the hard copy or your hard drive, boundless amounts of information exist to help you make smart collecting decisions. Many wonderful references in a variety of forms await the coin collector, ranging from educational websites to highly specialized books dealing with die varieties, obsolete types, error coins, and much more.

For new collectors, here are a few suggested resources to explore:

- **American Numismatic Association (`www.money.org`):** ANA is a non-profit organization dedicated to the study of numismatics and the hobby of coin collecting. ANA offers eLearing opportunities to broaded your knowledge as you progress a budding collector.
- **Newman Numismatic Portal (`nnp.wustl.edu`):** NNP is a foundation supported online forum with the largest online archive of numismatic info in the world.

Trade papers

For the latest numismatic headlines, I recommend subscribing to one or more of the excellent weekly coin papers or monthly numismatic magazines. Trade papers offer a combination of general numismatic information for beginning collectors, in-depth articles, and price guides, not to mention access to the numerous advertisers with which you can do business. The following are the best trade papers published today:

- *Coin World* (`www.coinworld.com`)
- *Numismatic News* (`https://www.numismaticnews.net`)

Many large numismatic organizations and clubs produce their own publications; you get a subscription to the publication when you join. Favorites include *The Numismatist,* published by the American Numismatic Association (`www.money.org`), and *FUN Topics,* published by the Florida United Numismatists (`www.funtopics.com`).

Numismatic books

How can you collect coins when you don't even know what's available to collect? A coffee-table coin book makes a great starting point because you can see a large variety of coins in full, dazzling color.

Eventually, you'll want a book that lists and describes all U.S. coins by date and mint, preferably with pricing information for a variety of grades. With this information, you can decide which coins interest you, and you can set collecting goals that are achievable and within your budget. A great resource for this is *A Guide Book of United States Coins* (a.k.a. "The Red Book") by R. S. Yeoman, Jeff Garrett, *et al* (Whitman Publishing).

Price guides

Price guides contain listings of coins along with their values at different levels of condition. Different types of price guides address different areas of the market:

- **Wholesale price guides:** These guides satisfy the needs of dealers who buy and sell from one another and know what they're buying.
- **Retail price guides:** These guides help dealers and collectors assign selling prices to their coins.
- **Certified price guides:** These guides record the buy-and-sell spreads for coins that have been graded and certified by two independent grading services.

You can subscribe to numismatic price guides or often also included in trade papers such as *Coin World* and *Numismatic News* (refer to "Trade papers" earlier in this chapter). I discuss price guides in much greater detail in Chapter 16.

Grading guides

Understanding how coins are graded may be the most important aspect of numismatics, so I discuss this in detail in Chapter 16 and Chapter 17.

Whicheve of the recognized grading services you choose, it is important for you understand the scale and its application.

REMEMBER

WHAT WOULD YOU DO?

Are you obligated to tell someone when they've underpriced or undergraded a coin or missed a valuable variety? The answer is no — sort of. If someone presents to the public as a professional coin dealer, they're presumed to know better and are obligated to informed the customer. If a pro offers to sell you a coin at an incorrectly low price, good for you. If some other collector or novice asks for your opinion about a variety, grade, or value, you must be honest in your response (if you choose to answer) but you can't call yourself a pro or expert. With numismatic expertise, a pro is expected to charge a a fee or work out a fair deal to handle the sale of the coin. In any case,always tell the truth. You'll develop a wonderful reputation as an honest numismatist, and you'll be able to sleep soundly at night.

Mix and mingle

The best thing you can do as a beginning collector is hook up with someone who is already involved in numismatics as a dealer or collector. A good adviser can demonstrate to you the fine points of coin collecting and show you coins that you might not otherwise see. Many old-time collectors have plenty of great stories about the coins they've owned, the coins they regret not buying, the wonderful people they've met along the way, and their experiences at coin shows and in coin shops. What most old-time collectors don't have is someone who's willing to sit down and listen to them, so your desire to find out more may be rewarded by some eager mentoring.

TIP

Where can you meet other numismatists? Try the following:

- **Facebook groups:** There are too many to count, so start here.
- **Coin clubs:** Attend local coin club meetings to get together with other collectors in your area.
- **Coin shops:** Visit all the coin dealers in your area at least once to see how they deal with you on a personal level. Stick with the ones you like.
- **Coin shows:** Take a day off to go to local coin shows. Meet new collectors and dealers from outside your area, and choose among lots of interesting coins. Don't forget to bring your kids.
- **Educational seminars:** Most major coin shows host educational seminars, presented by expert numismatists, on a wide range of subjects. You can find out about pioneer gold, U.S. fiscal paper, Civil War tokens, the history of the U.S. Mint, and much more. Use the question-and-answer period to get to know the experts and to pick their brains.
- **The American Numismatic Association's Summer Seminar:** Attend the American Numismatic Association (ANA)'s Summer Seminar at its headquarters in Colorado Springs, Colorado. Each year, ANA offers weeklong courses on a variety of useful subjects; past courses have included "Grading U.S. Coins," "Coin Photography," "Detection of Counterfeit and Altered U.S. Coins," and "Rarities from Shipwrecks." Class sizes are limited, and attendees have full access to the instructors. You can't get any closer to the experts than this!
- **Specialty clubs:** Join a specialty club. Meet collectors who share your interests by joining specialty clubs such as the Bust Half Nut Club (`https://www.busthalfprices.com/bhnc.php`), Early American Coppers (`http://eacs.org`), and the Colonial Coin Collectors Club (`https://colonialcoins.org`). Also, be sure to attend their annual meetings, usually held in conjunction with the ANA's annual convention.

Don’t be afraid to ask questions. Many coin dealers and most collectors are extremely helpful people who are willing to answer your questions. In my opinion, there’s no such thing as a stupid question in numismatics; we were all beginners at one time. That said, don’t expect to walk up to a coin dealer at a busy show and strike up a conversation, either: A busy dealer can’t drop everything they’re doing at a coin show to answer an intricate question. Be considerate of the dealer’s time.

Affecting a Coin’s Value

One of the greatest misconceptions about coins concerns their value. Given a choice, many noncollectors will pick a 2,000-year-old Roman denarius over a U.S. $20 gold piece any day, even though the denarius is worth $50 compared with $2,000 for the $20 gold piece (see Figure 3-1). Age seems to be an important factor to noncollectors; in their minds, the older a coin is, the more valuable it must be. Therefore, a 2,000-year-old coin must be worth a million bucks! Nothing could be further from the truth.

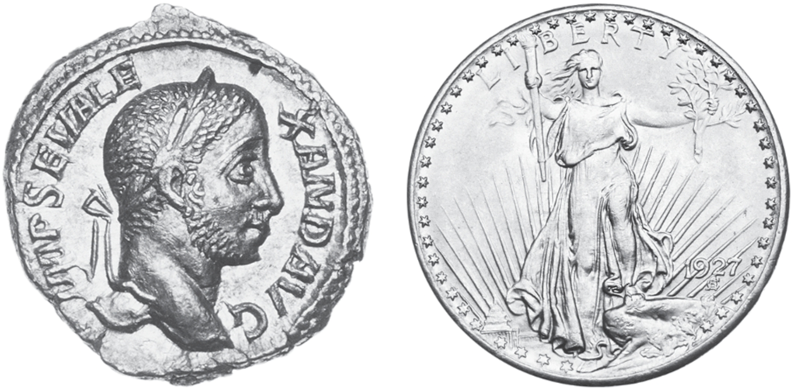


FIGURE 3-1: Roman denarius (left) or $20 gold piece (right): Which do you prefer?

TECHNICAL STUFF

Several factors affect the value of a coin: rarity, demand (or popularity), supply, condition, and external market factors. Any one of these factors can be significant by itself, or it may require some help from one of the other factors. A coin may be common in low grades, indicating a low rarity, but in high grades, the same coin may be very rare, making it what is known as a *condition rarity*. In such a case, the value of the coin makes a huge jump in price as it moves from a lower grade to a higher grade.

Age: Good for wine, good for coins?

Age has little or no effect on the value of a coin. Many coins from the past 20 years are much more valuable than coins from 2,000 years ago. Certainly, time allows coins to become better dispersed throughout the collecting community and the world, making them a little more difficult to find. But just because a coin is old doesn't mean that it's rare or valuable.

Condition: Pumping them up

The condition of a coin is a hugely important factor in determining its price. The difference in a single point on the grading scale can equate to a difference of thousands of dollars in value. Because of the intense competition to own the finest known example of a given date, a large premium can be attached to the very best coins.

Take the 1953-S Franklin half dollar as an example. This coin is very common in low grades, worth perhaps only the value of the silver it contains. Even in Uncirculated condition, you can buy a nice-looking example for around $100. But well-struck, high-grade examples are extremely rare and more valuable. How valuable? In January 2001, the finest certified 1953-S Franklin half dollar came on the market and sold at auction for a whopping $69,000! If you think that price is crazy, you may very well be right, but remember that at least one underbidder wanted the coin almost as badly as the winner did.

When Dr. William Sheldon devised his 70-point pricing scale with numismatist Walter Breen in the 1940s, he noticed that price and condition followed each other rather closely (at least, in the large cents he collected and studied). Sheldon saw that collectors considered the finest example of any date to be worth 70 times the value of the worst example. A Very Fine example may be worth 20 to 30 times the value of the worst example, and an About Uncirculated coin may be worth 50 to 55 times as much. Using this information, Sheldon and Breen created a scale to show the relationship between the grades and prices of large cents. Later, the coin market morphed this pricing scale into a grading system that was applied to other series of U.S. coins, even though inflation had already destroyed the relationship between price and condition. Today, the Sheldon-Breen grading scale is the bedrock of U.S. numismatics, and the number 70 is universally recognized as the pinnacle of quality.

THE HOARD FACTOR

A *hoard* is a large group of coins, usually discovered many years after they were made, coming onto the market at the same time.

In the 1960s, the 1903-O silver dollar (struck at the New Orleans mint) was considered to be one of the great rarities of the Morgan dollar series despite a mintage of 4,450,000 pieces. For some reason, there simply weren't enough coins to supply collector demand. Then, one day, the U.S. Treasury Department discovered a hoard of 1903-O silver dollars while cleaning out its vaults. Overnight, the price of a 1903-O silver dollar plunged as the supply increased to satisfy the existing collector demand.

The 1996 recovery of gold coins from the S.S. *Brother Jonathan* and the S.S. *Central America* shipwrecks dramatically affected the prices of certain dates in the Double Eagle denomination. Once considered to be a rarity in high grade, the 1857-S $20 is now one of the most common early gold coins, thanks to the hoard found on the *Central America.* Hoards account for the low prices of many ancient Greek and ancient Roman coins, as metal detectors and construction projects continue to turn up clay jars filled with old coins.

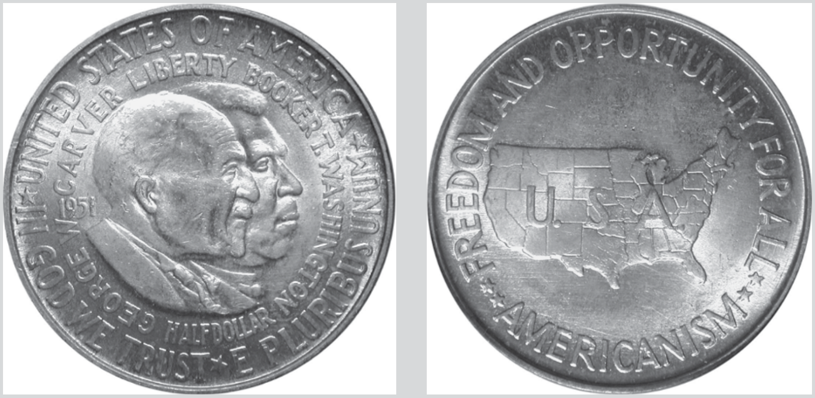
The size of a hoard and the way the coins are sold into the coin market determine the effect on prices. In the 1970s, a vast hoard of more than 600,000 U.S. silver dollars, once owned by the eccentric LaVere Redfield, began filtering into the market. The sheer size of the hoard threatened to kill prices because there wasn't enough money in the coin market to absorb all the coins at the same time. But shrewd control of the pricing and distribution of the hoard kept prices from falling. In fact, some experts argue that interest in silver-dollar collecting actually *increased* because of the intelligent way that the hoard was distributed.

Demand: Demanding high dollar

Demand is an important factor in determining the value of a coin. High demand increases values, and low demand hurts values. Two coins of identical rarity may enjoy wildly different values, depending on the demand for each coin. A common coin in a series with many active collectors (such as silver dollars) is always more valuable than a common coin in a series that collectors largely ignore (such as Jefferson-head nickels).

HOARDING WASHINGTON CARVER

A favorite coin is the 1951 Washington Carver commemorative half dollar (see figure). As an example, in MS-65 condition, the Professional Coin Grading Service (PCGS) and Numismatic Guarantee Corporation (NGC) has certified only 473 examples combined, yet the current bid price is only $65. Theoretically, I could buy up every certified MS-65 example for $30,745, but I know from experience how hard it is to find this coin at coin shows and in other dealers' inventories. If I bought only 10 or 20 pieces, the price would start going up. Just a small increase in the demand for this coin would translate into a big jump in price. Should I do it? Would you?



REMEMBER

Demand is fickle. A series that's in demand today may be out of favor tomorrow. Beware of fads, and take a contrarian approach when buying coins. In other words, stay away from the *hot* areas, and concentrate on the *cool* areas, remembering that every dog has its day. Demand may be artificial. With rare coins, it doesn't take much to run up the price. Before buying a particular coin, do a little research to see how the price has trended over the past year or two. Has there been an unusual spike in the price, or has the price remained fairly stable?

Rarity: Hunting for treasures

The *rarity* of a coin relates to the number of examples that have survived. A *high mintage figure* (meaning that lots of copies of a coin were made) doesn't necessarily mean low rarity — or vice versa. The reported mintage figure for a 1927-D $20 gold piece, for example, is 180,000 pieces, which is fairly high, but this coin ranks as one of the all-time-great rarities in the series. Why? Experts suspect that most examples of this date were destroyed before they were released into circulation. On the other hand, a 1913-S $20 has a small reported mintage of only 34,000 pieces, yet there's little or no premium attached to this coin in circulated condition. Why? Almost the entire mintage survived. In some cases, mintage figures may be incorrect or may include coins from an earlier or later year.

REMEMBER

Don't rely on mintage figures alone to determine the rarity of a particular coin.

Supply: Giving them what they want

If too many coins are made each year, and not enough people want them, prices remain low. On the other hand, if a coin's supply falls short of demand, prices rise.

Back in 1986, when the PCGS began certifying U.S. coins, demand for their product was huge, and the supply was low, even though PCGS did its best to grade as efficiently as possible. I remember seeing my first PCGS-certified MS-65 common date Morgan silver dollar. It was a thing of beauty, all bright, shiny, and nearly perfect. It was also priced at $600. Now, many years later, hundreds of thousands of Morgan dollars have been certified by PCGS. Because the supply is large enough to satisfy the demand of most collectors, the price of a common-date PCGS-certified MS-65 Morgan dollar has dropped to less than $200.

A similar situation occurs each year when the new government-issued proof sets hit the market. The collectors who are lucky enough to receive the first sets often sell them for a nice profit, because everyone wants to own one. Later, as the U.S. Mint releases more sets, the price drops because supply rises to meet demand.

TIP

Buy proof sets directly from the U.S. Mint each year if you like these kinds of coins. If you miss out for some reason, wait until the market has cooled down a bit and prices stabilize. You may be waiting for a few months, but be patient. In most cases, you'll have to pay more than the issue price, but in general, you'll avoid the hefty premiums that are charged when the supply is low.

REMEMBER

Supply and demand work opposite each other. Just as demand can be manipulated to raise prices, so can supply. Again, become aware of any funny business in the market by researching potential purchases carefully. Ask your adviser whether they know of any behind-the-scenes activity that may affect the supply of the coin in which you're interested.

Deciding What to Collect

Because money is a limiting factor, no matter how much of it you have, figure out how much you want to budget for your collection and then decide where to spend it. Here are some suggestions for interesting and challenging ways to collect coins:

- **Denomination:** Try putting together a complete set of all the denominations issued by the United States. Start with the coins in circulation and then include obsolete coins like a half cent, a 3-cent piece, and a 20-cent piece — coins that most people have never heard of.
- **Type:** You'll find several types within each denomination. Half dollars, for example, include the Flowing Hair, Draped Bust, Capped Bust, Seated Liberty, Barber, Walking Liberty, Franklin head, and Kennedy types. You can collect by type within a denomination, or you can expand into other denominations.
- **Date:** Collecting by date is a fun and affordable way to obtain every date for a particular series. You could easily collect a half dollar from every year they were minted since 1900. There's no reason to pay extra for a rare mintmark; just pick the least expensive coin for the year, and add it to your collection. Not only will you have one coin from every year, but you'll also have added several different types along the way.
- **Date and mintmark combination:** Collecting every date and mintmark combination becomes a bit more challenging and expensive. Most series have what I call a *stopper* — a rare mintmark that can be prohibitively expensive. Believe me, you don't want to attempt to collect a set of Barber dimes unless you have a lot of money. You may find and be able to afford every date in the series except for the extremely rare 1894-S, but you'll need $1 million or more for a nice one! On the other hand, you can complete several series without breaking the bank. If you can't afford the Barber dime set, try the Barber half dollars instead. The coins are bigger, and every date and mintmark in the set is affordable.

  REMEMBER

  Keep in mind that until recently, coins minted in Philadelphia had no mintmark.
- **Year:** Many people try to buy every coin issued in the year of their birth. If you're younger than 50, all you have to do is buy the mint set and proof sets issued by the government in the year of your birth, along with any commemorative coins issued that year. If you're older than 50, you may have to search a little harder — but that's half the fun of collecting coins, isn't it? If you really want to go all out, try collecting coins issued in your birth year by other countries!

Staying focused

After you decide on a collecting plan, stick with it. Focus on your goals, and remain immune to the siren call of other coins. I know that temptation is hard to resist, but to conserve your resources and be ready when buying opportunities arise, you must remain strong.

Though I recommend sticking with your game plan, I don't want to say that you can never change your mind. But there's an important reason not to get distracted — a little thing called transaction costs.

Transaction costs are the fees you pay to get in and out of the coin market. If you're familiar with the stock market, you know a different name for transaction costs: *commissions.* When you buy a stock, you're charged a commission based on the price of the stock; when you sell a stock, you're charged a commission again. Because the commissions come out of your pocket, you must figure them into your cost of the stock and the amount of any profits or losses that you make when you sell the stock. In many cases, commissions can eat up all your profits or enlarge your losses.

Transaction costs are part of numismatics, but not in such an obvious way. In numismatics, transaction costs are baked into the *buy/sell spreads* (the difference between what a dealer pays for a coin and how much they sell the coin for). Buy/sell spreads are much wider than they are in stocks. The buy/sell spread on a $100 stock may be 50¢, for example, but on a $100 coin, the spread may be as wide as $30. Suppose that you buy a coin for $100. Ask the dealer what they'd pay to buy the coin back in a week. If the buyback price is $90, you're facing a potential loss of $10. Therefore, the market has to go up $10 just for you to break even on the coin.

REMEMBER

Every time you buy a coin that isn't part of your collecting plan, you face unnecessary transaction costs — one more reason not to buy any unplanned coins.

Thinking long-term

Most big-name coin collections were formed over a long period by people who had a clear vision of what they wanted to accomplish. By approaching coin collecting with the same attitude, you can make your experience with coin collecting just as enjoyable and successful as anyone else's.

Two areas are of primary importance when you're developing your long-term view: price trends and opportunities. If nothing else, these two areas offer hope for the collector who may otherwise decide that finding certain coins is impossible. Patience may be its own reward, but a long-term view in coin collecting can make or save you money and open opportunities that are most certainly real and possible.

Long-term price trends

Looking back at the history of coin collecting, you'll see a general upward trend in coin prices. Just like everything else in the world, coins cost more today than they did 50 years ago. Down the road, you can expect higher prices, but you can't bet on them.

TIP

As you set your collecting goals, plan for future price increases, and determine whether you can afford to finish what you've started. Keep in mind that there may be some wild swings along the way — hot markets, in which the coins you seek seem to be out of reach, followed by cool markets, in which the coins you collect seem like bargains.

Long-term opportunities

The longer you're active in collecting, the better your chances are of acquiring the rare coins you need. Sometimes, the opportunity to purchase a coin is rarer than the coin itself, so you must be patient and ready to pounce when your coin finally appears. Never assume that a coin is locked away forever. Who ever thought that Johns Hopkins University would sell off the Garrett collection? Who suspected that I'd ever have a chance to bid on coins from Byron Reed's collection or from the Joseph C. Mitchelson collection, or more recently, the fabulous D. Brent Pogue Collection in 2016? I simply don't know what neat collections lurk around the corner. But the fact that strong hands have sold their coins in the past gives me hope that others will do the same in the future.

IN THIS CHAPTER

- **Displaying your collection**
- **Handling and cleaning your coins**
- **Avoiding moisture**
- **Securing and insuring your collection**

Chapter 4

Storing Your Collection Correctly

Assuming that it stays in circulation, an average coin lasts roughly 30 years during a regular journey from the time it's minted to the day it wears out completely. Check the change in your pocket to see how much money you have dated before 1970. You likely won't find very many coins, if any. Over the years, coins are damaged, lost, worn out, burned up, corroded, or dirtied, or they wind up in piggy banks and coin collections.

Given proper protection, a coin may last forever under perfect conditions. So although you may think you own the coins in your collection, you're really just taking care of them for the next owner. By protecting your coins today, you benefit from the preservation of their value for yourself and future generations, just as you've benefited from the efforts of the collectors who came before.

The three most important things you can do to preserve your coins are

- Protect them.
- Keep them safe.
- Keep them dry.

In this chapter, I show you how.

Holdering Them the Right Way

Choosing the right holder is an important first step in your collecting plan, because the cost of holders can be quite high, especially if your collection becomes large. Many types of holders and accessories are available for protecting, storing, and displaying your collection. Some holders are meant only for short-term storage and may actually harm your coins over long periods. Surprisingly, I've learned that some holders — the very ones that are supposed to protect your coins — are made with chemicals that attack and damage them. Other holdersare perfect for long-term storage and careful preservation of your numismatic treasures. Here are your options:

- **Cigar box (stogie storer):** Inexpensive (unless you smoke high-priced stogies) and great for beginners, but lacks a certain level of sophistication and panache.
- **Paper envelopes:** Traditional and inexpensive. A variety of sizes are available at your office-supplies store. Coin dealers sell small (2x2-inch) paper envelopes made for coin collectors (see Figure 4-1). You can write information about the coin on the outside of the envelope. Colors allow you to code your collection. Sulfur-free versions are excellent for long-term storage.

WARNING

The sulfur used to manufacture paper causes coins to tarnish, although today, most of the envelopes targeted to the coin market are sulfur-free. Another potential disadvantage of paper envelopes is that you can't see the coin inside without opening the holder and disturbing the coin.

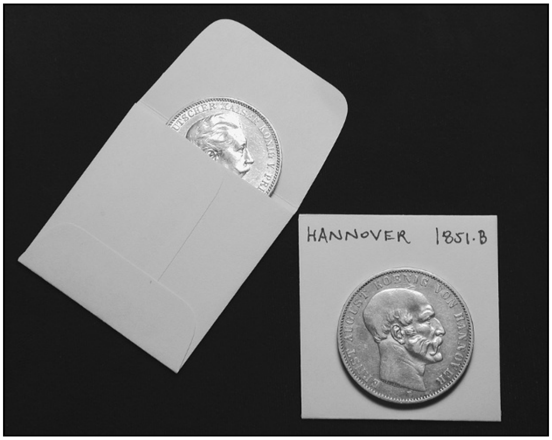


FIGURE 4-1: Paper envelopes for storing coins.

- **Cardboard 2x2s:** Inexpensive, starting out as 2x4-inch sheets of *Mylar* (clear plastic film) glued to card stock containing two holes of identical size (see Figure 4-2). The coin is placed on the Mylar, and then the holder is folded over and stapled together. Some cardboard 2x2s have a layer of adhesive that seals the holder and eliminates the need for staples. Coins are easily viewed through the Mylar windows. This option is excellent for long-term storage (except in areas of high humidity) as long as the Mylar film remains intact.

  WARNING

  If I had a dime for every coin destroyed by a staple, I could vacation in Bermuda for a week. Be careful when stapling the holder; make sure not to hit the coin. Also, be very careful when you staple the holder, and crimp the staples to make sure that they don't damage the coins in *other* holders. Removing coins from cardboard 2x2s must also be done carefully so as not to scratch the coins.

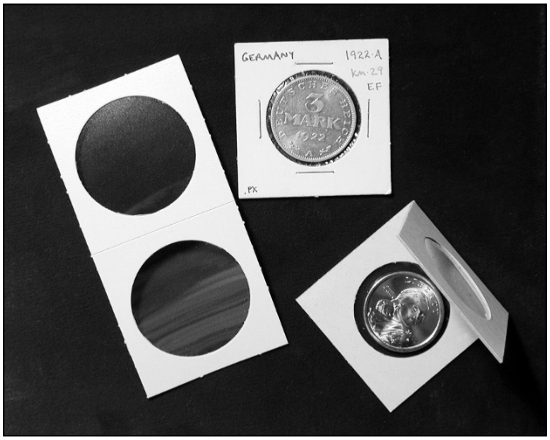


FIGURE 4-2: Cardboard 2x2s for storing coins.

- **Vinyl 2x2s:** Inexpensive and great for handling and viewing coins. Also known as *flips,* these 2x4-inch holders have two pockets that fold over to a convenient 2x2-inch size (see Figure 4-3). One side holds your coin; the other is a card on which you can place a description. There are many online sites devoted to the preservation of coins. This method of storage is known widely as Saflips. There are a few optionsfor placement of your coins in these Saflips.

  I have a difficult time getting the harder flips to stand up in a row inside a box. The softer, vinyl flips don't seem to have this problem. Excellent for short-term storage. Used by most dealers and auction houses as a convenient method of displaying, protecting, and shipping coins.

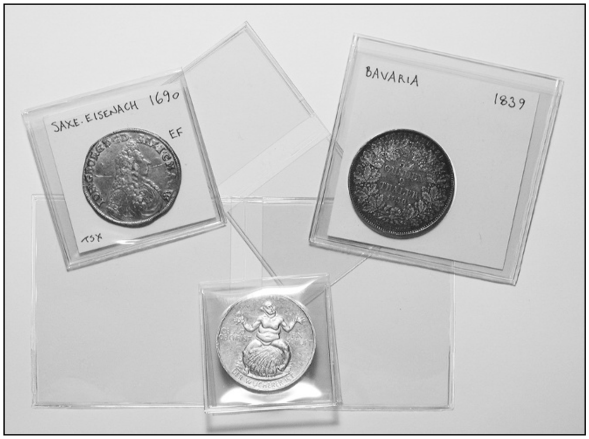


FIGURE 4-3: Vinyl 2x2s for storing coins.

WARNING

Some vinyl flips are made with PVC, a chemical that can leach out over time and damage your coins. Therefore, this kind of holder can't be used for long-term storage. Certain brands are made without PVC, but this causes them to become brittle and crack.

- **Hard plastic holders:** Expensive and cumbersome to use. These holders consist of three layers of hard plastic — one to hold the coin and two outer layers for protection — all screwed together (see Figure 4-4). Often custom-made, the holders are available in a variety of sizes and colors for individual and multiple coins. Custom printing may be added to these holders to identify the coins. The plastic layers are essentially *inert* (don't react chemically with the coins), so they're perfect for long-term storage. Hard plastic holders are attractive and offer clear views of both sides of the coin. They're used by collectors for expensive coins that they plan to keep for some time.

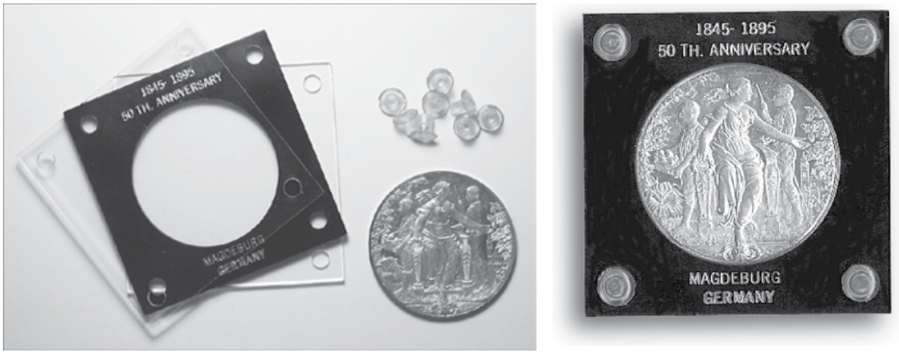


FIGURE 4-4: Hard plastic holders for storing coins.

WARNING

If the diameter of the hole isn't perfect, the coin will shift around in the holder, thereby exposing the coin to abrasive movement. If the hole is too small, it must be enlarged by hand, often resulting in an amateurish appearance, and some air and moisture may seep in through the sides.

- **Slabs:** Expensive, but the best option. The cost of *slabbing* a coin can range from $10 to more than $100, depending on the company you used and the level of service you choose. *Slabs* are the hard plastic cases used to encapsulate coins graded by independent certification companies (see Figure 4-5). A small slip of paper sealed in the holder identifies the coin and shows the grade assigned to it. These holders are excellent for long-term storage; they offer the tightest seals of all holders, and some are said to be watertight and airtight. Some slabs include bar codes on the internal labels for convenient inventory control via a bar-code reader, a database, and a computer. This type of holder is the only choice for professional coin dealers and serious collectors.

REMEMBER

Slabs are among the bulkiest coin holders, so storage can become a problem.

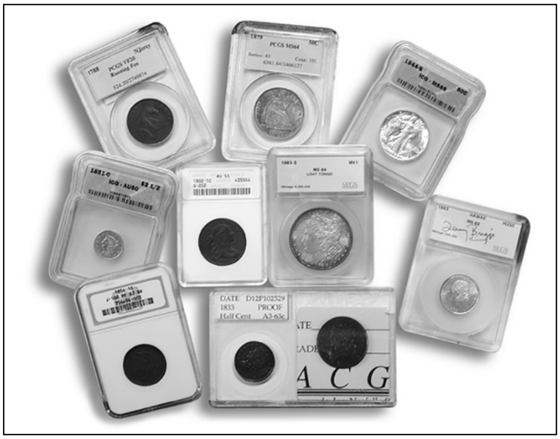


FIGURE 4-5: Slabs, good for storing and trading coins.

- **Coin album:** A broad range of prices, quality, and levels of protection. Various types are available for the coin collector (see Figure 4-6), including basic albums with holes in which the coins are pushed, albums with vinyl pages, and albums in which coins are placed in holes that are protected on both sides by plastic slides. Most albums and folders are designed for specific collections (Lincoln cents, peace dollars, and so on). Albums and folders are especially suited for *lower-grade circulated coins* (worn coins). The empty holes urge you to continue collecting. Albums and folders make organizing and displaying your collection a cinch. This option is the method of choice for most beginning collectors.

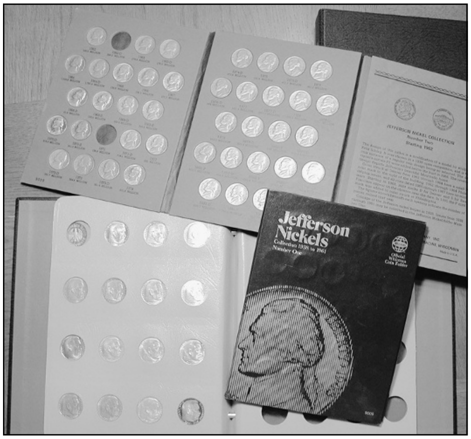


FIGURE 4-6: Coin albums for storing coins in sets.

WARNING

Paper folders will eventually tone your coins; also, only one side of the coin is visible. Vinyl albums may leak PVC. Improper use of the slide-type albums can leave damaging *slidemarks* (hairline scratches) on the surfaces of your coins.

- **Tube:** Very convenient and relatively inexpensive for storing and protecting large quantities of coins. Coin tubes are used to store rolls of coins of various denominations (see Figure 4-7). Some tubes are round and clear; others are square and opaque.

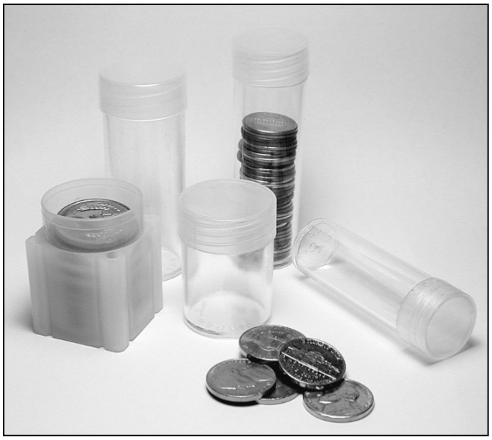


FIGURE 4-7: Tubes for storing large quantities of coins.

Keeping Away from the Cleaning Products

I remember the day when a nicely dressed man in his mid-40s came into my coin shop with a complete set of peace dollars he wanted to sell. The man explained that his father had painstakingly built the collection over many years. He inherited the coins after his father died. Now, many years later, he was curious to find out how much more valuable his coins had become.

Before I opened the album, the man pointed out that some of the coins had become tarnished over the years, so he had cleaned them to make it easier for me to see what they looked like. Hearing that, my heart sank. Sure enough, when he opened the album, I saw rows and rows of bright, shiny peace dollars. But they were *too* bright and shiny; all were obviously scrubbed and cleaned. Once beautiful, high-grade coins, now they were pieces of junk worth a fraction of their former value. A very disappointed person left my store that day.

REMEMBER

Leave coin cleaning, which should rarely be done, to conservators. Never clean a coin yourself. Never. Ever.

Most coins should be left alone, but some coins cry out to be cleaned. The following coins could benefit from a cleaning, but all need to be treated differently:

- Coins found by metal detectors
- Coins that are extremely dark and tarnished
- Coins that have developed film from spending too much time in a vinyl coin holder
- Coins with tape residue or some other localized problem

REMEMBER

I know you have coins that need to be cleaned, and I know you're dying to clean them. So because you're going to do it anyway, I may as well give you some safe cleaning tips. (Abstinence seems to be out of the question.) Please practice these techniques on inexpensive coins until you feel comfortable cleaning coins that are more desirable. *Never* clean coins that are valuable; take them to a professional instead. Finally, if you don't feel comfortable cleaning coins, don't do it.

Removing dirt

Dirt is an abrasive that will scratch the heck out of a coin if you're not careful. Never rub, never scrub, and never polish; always use a light touch. Follow these steps to remove dirt:

1. **Use an artist's paintbrush to lightly whisk off any surface dirt.**

   Be careful not to exert any pressure.

2. **Rinse the coin under warm water to remove additional surface dirt.**

   Don’t rub the coin between your thumb and forefinger.

3. **After rinsing the coin, pat it dry with a soft towel.**

   Avoid pressure and any rubbing motions.

WARNING

Don’t use paper towels to dry a coin; the wood fibers in the paper may leave hairline scratches on fine surfaces. Use a 100 percent cotton cloth.

If you have really crusty and dirty coins, soak them in olive oil for a couple of days; then try picking the dirt off with a toothpick. Again, be careful not to exert too much pressure; the toothpick may scratch your coin.

Handle with kid gloves

Several years back, a dealer friend of mine handed him a *well-struck* (nearly perfect) 1913 Indian-head nickel with full, complete details, and he asked whether Ithought it was a coin made for circulation or a coin that had been specially prepared for collectors (referred to as a *proof*). The two men were standing at the reception desk of a hotel, and as Iturned the coin over to examine the other side, it flipped out of his fingers and fell about 4 feet to the hard tile floor. Besides feeling like a fool, Iwas even more upset to discover a big bruise on one of the rims of the coin. The bruise destroyed much of the coin’s value and desirability. Suddenly, the coin was most certainly a proof in my friend’s eyes. I was forced (shamed, actually) into buying the coin for a lot more than it was worth — especially for a coin that no self-respecting collector would buy. He found out a lot about handling coins from that lesson, including this: If you break it, you own it.

The following techniques prevent embarrassing and costly damage to coins. Make sure to practice each of these techniques with every coin you handle.

Wash your hands before touching

Whatever is on your fingers will be transferred to the edge of the coin you’re handling. Coins hate sweat, doughnut glaze, potato-chip salt, hamburger grease, and just about everything else, so wash your hands before you handle those beautiful coins.

Ask before removing a coin from a holder

Different dealers use different holders, often in different ways. Many collectors keep their copper coins in felt-lined pouches inside a small paper envelope, for example. The pouches have a single opening. Some collectors place the pouch into the envelope so that the coin slides right out of the pouch when the flap of the envelope is opened. (I call this approach the *straight-on method.*) Others turn the pouch so that the coin is *locked in,* even when the envelope is opened. Here's where the problem lies: Some collectors turn the pouch to the left; others turn it to the right.

Watch out for the holder

Without proper care, even the simple act of removing a coin from a holder carries the risk of damage. The term *flip rub* refers to wear or damage caused by rubbing a coin against the surfaces of a vinyl or plastic holder. Any dirt or contamination that comes between a coin and a holder acts as an abrasive, and any movement of the coin against the holder may damage the surfaces of the coin. Therefore, the less often a coin is removed from or inserted into a holder, the better.

That's why it's always a good idea to ask permission to remove a coin from a holder to examine it. The dealer may prefer to remove or insert the coin or may refuse your request. Don't be offended; the dealer may simply want to protect the coin. On the other hand, be prepared to make a purchase decision under less-than-optimal conditions.

Handle a coin by the edges

The surfaces of a coin, especially those on *high-grade* (new or nearly new) examples, are very sensitive and vulnerable to even the slightest damage. I mentioned earlier (in the "Removing dirt" section) that the wood fibers in paper towels can scratch the surfaces of a coin. Fingers and thumbs can damage the surfaces of a coin just as easily. A single grain of sand stuck between the ridges of a fingerprint can scratch a coin. The salty oils from fingers often interact chemically with the metal of a coin, leaving damage that may not appear right away but could show up later and last forever. Handling a coin by the edges (see Figure 4-8) eliminates any possibility of surface contact and surface damage. Some collectors wear thin cotton gloves when handling their coins, but if your hands are clean and dry, gloves are unnecessary.

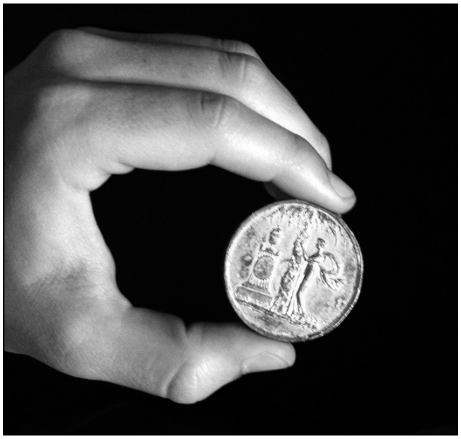


FIGURE 4-8: On the edge: The proper way to hold a coin.

Keep your mouth shut

Each time you breathe, moisture-laden air escapes from your lungs. Each time you speak, tiny droplets of spittle fly from your mouth. Well, imagine what happens to a coin that has been moisturized in this manner. Virtually all the spots you see on copper coins (see Figure 4-9), regardless of the size of the spots, were caused by moisture of some sort. Therefore, when examining an unprotected coin, breathe through your nose, and don't speak. Most of the time, you won't have a problem keeping this rule, because nice coins tend to leave you speechless anyway!

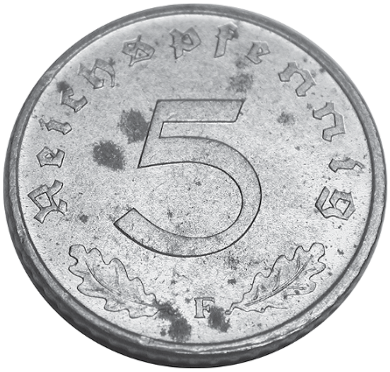


FIGURE 4-9: A single spot of moisture can hurt a coin.

Hold a coin over a soft surface

A soft felt pad or folded piece of cloth ensures that a dropped coin remains an undamaged coin (unlike the coin shown in Figure 4-10). Be prepared to drop many coins in your lifetime; every coin dealer and collector I know has done it.

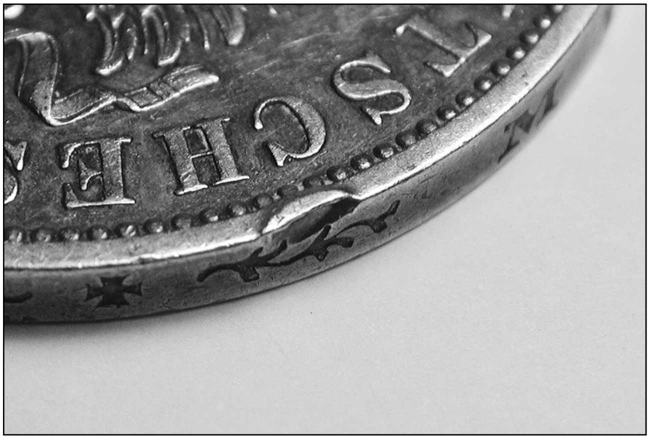


FIGURE 4-10: A rim nick can happen when you drop a coin.

Keeping Them High and Dry

Moisture is a coin's worst enemy. Coins are made of metal, some of which is very chemically active. According to the laws of chemistry and physics, your coins will most certainly deteriorate over time unless you protect them.

A coin begins reacting with its environment as soon as it's *struck* (made). Changes are subtle for the most part, but some changes may be significant. A copper coin's color changes; it may *corrode* or *oxidize.* This damage often starts as a tiny spot that grows until it eventually eats into the coin's surface. A single spot is bad enough, but poorly preserved coins may end up covered with spots and/or green corrosion. Naturally, collectors hate spots, corrosion, and coins with pitted surfaces (referred to as *pitting*). Unless the coin is a great rarity, such damage destroys any collector value.

Silver and gold coins are just as susceptible to chemical reactions. Over time, silver will tarnish or tone, resulting in a film of color that can range from light and subtle to dark and unattractive. Gold is relatively inert, but most gold coins include a small percentage of copper, which is a very sensitive metal.

REMEMBER

Many of the chemical reactions that occur on the surface of a coin require, or are accelerated by, water. Simply put, water kills coins. Moisture of any kind should be avoided at all cost. If you live in an area of high humidity or ocean spray, protecting your coins becomes more difficult and important.

Still, you can do several things to ensure that your coins remain as pristine and as beautiful as they were the day you bought them.

Keepin' 'em dry

Most holders aren't meant to be watertight or airtight; other holders claim to be so. We suggest erring on the side of caution by assuming that *every* holder allows air or water to enter. Take the same precautions with all holders, regardless of the claims made by the manufacturers.

REMEMBER

The changes that occur on the surface of a coin are at the chemical or molecular level, so you won't always be able to see them. All it takes for air and moisture to seep in is a tiny hole.

Using a desiccant

A *desiccant* is a drying agent available at your local hardware store. You've probably seen small packets of desiccant packaged with leather goods such as shoes and bags. Desiccants do a fabulous job of removing moisture from the air, and in some cases, you can reuse them by drying them in an oven on low heat.

Why are desiccants necessary in a watertight holder? When you seal a coin in a watertight container, you're also sealing in any moisture in the atmosphere around it. A desiccant absorbs the moisture from the air, binds it, and keeps it away from your coin. In areas that are susceptible to moisture or humidity, desiccants are essential. Check your desiccant every month, and either redry it or replace it.

Securing Your Stash: At Home and on the Road

One of the most dramatic posters from World War II shows a sailor slipping beneath the waves for the last time, his ship destroyed and sinking in the background. The words *Loose Lips Sink Ships* jump off the poster, emphasizing the importance of discretion during times of war. The same is true for coin collectors.

Coins are thief magnets. They're valuable, portable, and easily sold. Thieves know that, but why help them out? Even without knowing it, you may be giving out hints that you're a coin collector or that you've got coins with you or at home. A little discretion and common sense can keep you and your coins safe.

TIP

Following are some tips for keeping your hobby secret:

- **Avoid discussing your collection in public.** I know you're proud of your collection and the neat new coins you just purchased, but be careful about how and where you discuss them.
- **Remove all hints of numismatics from your correspondence.** Placing the words *coin, coin collector, numismatist,* or any other coin-related words on the return address of your envelopes is dangerous. Be sure to instruct anyone who sends coins to you through the mail to remove any coin-related wording from their envelope or package as well.
- **Be careful whom you tell.** You may trust someone enough to let them know that you're a coin collector, and you may even show them some of your goodies, but can you trust them never to tell anyone, who in turn may tell someone else? An adage in sales is that everyone knows a hundred people. Therefore, if you tell one person, you're telling a hundred, and each of them can tell a hundred . . . you get the picture. Be careful whom you tell.
- **Hide your coins.** Don't leave your coins out for the cleaner or anyone who peeks in your window to see. Coin calendars are nice, but I guarantee you that someday, one of your visitors will ask, "Oh, are you a coin collector?"

Deciding between a home safe and a safe-deposit box

Should you store your coins at home or in a safe-deposit box in a bank? The answer depends on how comfortable you feel about keeping your coins at home, the value of your collection, and the importance of having your coins close by. Some collectors love to view with their coins every chance they get. You may have a collection that's rapidly growing and changing, thereby requiring continuous access to the coins. Other collectors are perfectly happy making an occasional trip to the bank to view their numismatic treasures. Ultimately, you must determine the amount of risk involved in keeping your coins at home, whether you can protect against those risks, and whether you can afford the loss in a worst-case scenario.

Home safes come in a variety of sizes and types:

- **Floor safes:** Floor safes are embedded in the concrete floor of your home and are easiest to hide. But they offer limited space, and you may get tired of pulling the rug back and getting on your hands and knees just to open the safe.

- **Wall safes:** Unless your wall safe is embedded in concrete, don't bother getting one. Thieves can use a crowbar to pop them out of the wall and carry them away.
- **Regular safes:** Safes can protect your coins against fire, burglary, or both, and with regular safes, you have many more options concerning size and weight. The main thing safes buy you is time — something that burglars don't have a lot of. I recommend buying a safe that weighs more than 1,000 pounds; otherwise, why bother?
- **Fire safes:** These types of safes are more for protection against fire than they are for protection against burglars. Choose this type if you live in an area of high risk for fires and you feel relatively safe from theft. I've seen some neat coin collections reduced to melted lumps of metal because they weren't protected properly.

Just as there are different choices in safes, there are multiple options in safe-deposit boxes. Things to consider are size, bank hours, access restrictions, terms of the agreement, the climate inside the vault, and insurance. (You can read more about insurance in "Insuring Your Investment" later in this chapter.)

Carrying coins in your car

Most criminals avoid committing robbery, preferring instead simple burglary when the victim is not around. Many coin thefts occur on the road, when, for some reason, otherwise-smart people leave their coins in their cars.

HOW ALARMING: A HOME SYSTEM

Hard to believe, but there are still parts of the United States where you can leave your windows open and your doors unlocked without worrying about anyone breaking into your house or car. However, the rest of us need deadbolts on the doors, bars on the windows, alarm systems on our cars, and, sadly, alarm systems in our homes — and that's with nothing valuable inside! If you bring coins into the mix, having a home alarm system is not only a good idea — it's essential. If you can't afford an alarm system, take your coins to the bank and lock them in a safe-deposit box.

Home alarm systems range from simple sensors on your doors and windows to sophisticated infrared, laser, and sound detectors. Check out your local vendors or or you can do some research online to find out which system is best for you.

REMEMBER

Most car break-ins occur after a coin show. At the show, thieves notice who is buying and selling coins, who is carrying a large inventory, and who may be traveling alone. They watch as cars are being unloaded and loaded to see who is wary and who is complacent. The thieves may have watched you at a previous show to see how you behave on the road.

Dealers and attendees at coin shows receive identification badges and/or stick-on name tags. In the trade, I call these badges *"rob me" badges.* If you walk out of a coin show wearing your badge or name tag, you advertise that you're a coin collector or dealer. Take the badge off before you walk out the door.

Carrying coins on a plane

Flying with coins presents special problems for the dealer and collector. Coins add to the list of stuff you must carry and watch out for. Coins can be heavy and must be handled carefully on flights so that other passengers aren't injured. Some airlines may charge extra fees for excess baggage weight, and in extreme cases, you may not be allowed to bring the extra weight at all!

WARNING

Consider yourself to be vulnerable every step of the way from the time you leave your home until the time you arrive at your hotel at the other end of your trip.

TIP

Here are my best recommendations for carrying coins on a plane:

- **If you have a lot of luggage, enlist the aid of a skycap.** Make sure that you keep your hands and eyes on your coins at all times. Don't turn your back on your coins, even for a second; maintain physical contact with them at all times.
- **Be careful at the airport security checkpoint, where you're most vulnerable to coin theft.** After you make it through the metal detector, security guards will probably ask to search your coin bag. (Rows of coins form suspicious-looking metal rods in an X-ray.) Ask for a private search so that the whole world doesn't see what you have in your bag. Never allow the security guards or anyone else to take your coins out of your sight.
- **Try to board the airplane early so that you can stow your coins under your seat or as close as possible to your seat.** If you can't find a compartment near your seat, stow your coins in the rows behind you, never ahead of you. In the crowded interior of an airplane, it's easier to stop someone behind you than it is to chase someone ahead of you. Don't let anyone know what you're carrying. On long flights, check on your bag from time to time, just to make sure it's still safe and secure, especially if you've dozed off during the flight.
- **Don't allow your coins to be placed in the trunk of a cab or limousine.** Otherwise, you may end up watching helplessly as they're driven off without you. You're much better off taking the coins with you into the cab.

How comforting is your inn?

Security at hotels ranges from not-so-hot to nonexistent. Motel chains and independent operators offer no options for the traveler with coins, in which case you're pretty much relegated to babysitting your coins. Larger chains offer safe-deposit boxes in the main lobby. Many hotels offer small safes right in your room. Nevertheless, if you're carrying valuable coins or a lot of bulky coins, I recommend staying with them at all times. Never, *ever* leave your coins unattended in your room.

TIP

As an alternative to hotel security, most major coin shows offer security rooms manned by the same staff who protect the show or by outside security firms (often, off-duty police officers) hired for that purpose. Many times, security rooms are open well before and after the actual coin show.

Dealing with a robbery

Don't resist a robbery, ever. I did, and it's not an experience that you want to have.

REMEMBER

Just because you've been the victim of a coin robbery doesn't mean that it's the end of the world. You have a much better chance of recovering your coins today than you did years ago. New technologies make it easier for you to send information about your robbery to those people who are most likely to recover your coins for you: coin dealers and law enforcement authorities.

TIP

Here are my recommendations about what to do now (before you're robbed) and what to do after a robbery takes place:

- **Keep good records.** This way, you can supply a list of the missing coins to law enforcement authorities. Be sure to keep on file as much information as possible, including
  - A description of the coin, including any identifying marks
  - Serial numbers (if the coins have been encapsulated by an outside grading company)
  - Catalog identification numbers
  - The current value of the coin
  - The date you purchased the coin
  - The dealer from whom you purchased the coin

- **Have your best coins photographed to help make positive identifications.** Digital cameras and the use of the camera in your cell phone make coin photography easy and inexpensive.
- **Begin locally and end globally.** Contact every dealer in the town where your coins were stolen; then target dealers in the surrounding towns, dealers in the major cities in your state, and dealers in the major cities throughout the United States.
- **Provide every contact as much information as possible, including inventory listings and photographs.** Be sure to include contact information for yourself and any law enforcement officials involved with your case.
- **Use email.** Email allows you to send the same message to a large number of recipients at the same time. When I say "large," I'm talking about the potential to contact hundreds and thousands of dealers. You could send an email each week just as a friendly reminder for dealers to keep an eye open for your missing coins. Be sensitive to spamming issues (sending unsolicited emails). Although most dealers are eager to help people recover their stolen coins, others may find your emails to be a nuisance. If someone asks you to stop sending them emails, honor the request quickly and politely.

Insuring Your Investment

Insurance is a risk-based business, sort of a bet between you and the insurance company that something will or won't go wrong. The bet includes odds that affect the size of the bet (the premium you pay to the insurance company) and the size of the payoff (the amount the insurance company pays you after a loss). In other words, the more risk you're willing to live with, the less your insurance will cost and vice versa. A higher deductible may reduce your annual premiums, for example, but you receive less in the event of a loss.

REMEMBER

Every insurance company treats coins differently, so be sure to discuss your needs with a professional insurance agent. Make sure you understand what you're buying and how your coin collection will be protected.

TIP

When you sit down with your insurance agent, ask the following questions:

- **Will my insurance policy cover my coin collection?** Unless you purchase special coverage, your coin collection will be insured only for its face value. In other words, you get a buck for that silver dollar you purchased last year for $3,000! Buy coin insurance.

- **Am I required to get an appraisal of my collection?** You may be required to have an outside independent appraiser prepare an official evaluation of your collection. This evaluation can be expensive, so find out what kind of information the insurance company requires, whom it'll accept as an appraiser, and how additions to and subtractions from your collection will be treated.
- **Will I be required to protect my collection?** Your insurance company may require you to install a home security system, a safe, or some other security method. If you already have such things in place, ask whether they'll help reduce your premiums.
- **Are the coins in my safe-deposit box covered?** Typically, the answer is no — not unless you pay extra. Be sure to ask whether special coverage is required.
- **What about transporting my coins?** Are you covered when you take coins from your home to your bank's vault? How about when you take coins to and from a coin show? Your insurance company may place limits on the value of the coins you transport, and it won't pay you if you leave your coins unattended, even to go to the bathroom. It will place restrictions on how you transport the coins as well.
- **What will the insurance cost?** Every insurance company is different, but expect to pay based on a cost-per-value basis.
- **What about deductibles?** A deductible reduces the amount of money you receive in the event of a claim. If you have a deductible of $500, and your loss was $3,000, you receive $2,500. Sure, you can get a nondeductible policy, but those policies are the most expensive kind. Generally, the higher the deductible, the lower your annual premium. Your job is to find a balance between the two that makes you comfortable.

Shop around, and expect to find a wide range of pricing and coverage options. Choose the company and policy that are right for you, and you'll sleep better, knowing that if anything happens to your collection, you'll be covered.

2

Ancient to Present Day: Choosing Coins for Your Collection

IN THIS PART . . .

Explore several paths you may be interested in taking as a collector.

Survey collecting areas, not so much to convince you to collect them, but to open your eyes to them and give you more options when adding coins to your collection.

IN THIS CHAPTER

- Discovering the coins of the ancient world
- Figuring out which ancient coins to collect
- Recognizing the effect of age on value
- Understanding the language of the ancients

Chapter 5

Showing Their True Age: Ancient Coins

Mention the word *ancient,* and your mind probably conjures images of Roman gladiators, Spartan warriors, Greek gods, emperors, Cleopatra, Alexander the Great, and many more. Similarly, ancient coins remind collectors of history because they're historical records. Long after papyrus and sheepskin records have rotted away, coins remain to tell the story of people and events from long ago.

In reality, ancient coins are like members of any other coin series. They're no more mysterious than U.S. half dollars, Spanish doubloons, or Austrian schillings; they're just older and a little harder to read. As with any modern coin, you can find helpful books and online resources that tell you all about ancient coins.

This chapter introduces you to the world of ancient coins, giving you just enough information to whet your appetite. Get ready to enter the worlds of Julius Caesar and the goddess Athena, and come face to face with other famous names from the past.

Ancient Coins — of Gods and Men

Ancient coins are all about history. Without newspapers, mail, telephones, faxes, overnight delivery services, email, and the Internet, the best way to spread information throughout a kingdom 2,000 years ago was with coins. Each Roman ruler, for example, issued his own coins upon assuming the role of emperor. Thus, you find Roman coins with portraits of Julius Caesar, Brutus (the brute who killed Caesar), Nero (who is said to have fiddled while Rome burned), Marc Antony (Cleopatra's lover), and other Roman rulers. Greek coins, on the other hand, favored the images of gods and goddesses such as Apollo, Athena, Zeus, and Hercules, not to mention lesser figures such as Pegasus the flying horse and various nymphs and mythological figures. Even the goddess Nike (named after the shoes you're wearing, or was it the other way around?) appears on Greek coins, often driving a chariot pulled by four horses.

Coins are like time machines that bring the ancient world to us and transport us back to a world much different from the one we live in today. Although historians provide stories of the ancient world, coins provide additional insights. Coins are permanent records of military victories, marriages, deaths, new rulers, births, places, and events. In some cases, coins are the only historical records we have.

Deciding Which Ancient Coins to Collect

The field of ancient coins is so broad that it would be impossible and frustrating, if not mentally unhealthy, to try to collect them all. Therefore, collectors gravitate to certain areas that have become very popular. In this section, I highlight areas in which you may also want to develop an interest.

Ancient Greek coins

The Greeks learned about coinage from the Lydians (their neighbors and inventors of the first coins). Between 500 and 400 B.C., Greece's various city-states produced some of the most beautiful coins the world has ever known. Early Greek coins are crude little bean-shaped pieces with punched designs of animals or other objects. But over time, the designs became more sophisticated, and the beans flattened out into the thin, round pieces that are the hallmark of coins today.

During this period, the Greeks at Athens issued large silver coins called *tetradrachms* with a bug-eyed owl on one side (see Figure 5-1). The owl was the symbol of the goddess Athena, who considered the bird to be sacred. In turn, Athena was revered by the people, who considered her to be sacred and named their city after her. The ultimate Greek coin was the impressive *decadrachm,* a large silver coin from Syracuse (Greece, not New York).

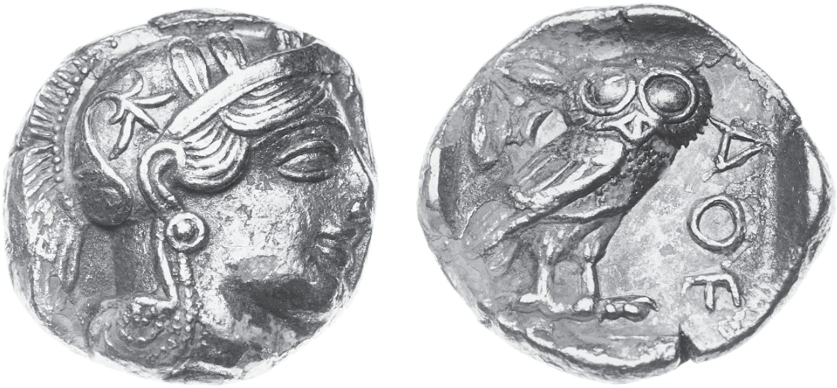


FIGURE 5-1: Athena's sacred owl on a coin.

TECHNICAL STUFF

A *drachm* or *drachma* is the basic unit of Greek money, even in modern times. *Tetra* means four, so a *tetradrachm* equals four drachma. Also, because values of coins were based on their weight, a tetradrachm weighs exactly four times as much as a drachma. A *decadrachm* equaled ten drachma.

The Greeks employed interesting and unusual designs for their coins, including grapes, roses, wheat, eagles, crabs, dolphins, and rabbits, not to mention images of many of the Greek gods and goddesses. Yet while they made liberal use of images of gods and animals on their coins, they shunned portraits of real people. Even Alexander the Great's image never appeared on his own coins until after his death, and by then, he had been converted to a god by many of his successors and fans. Some Greek coins show Alexander wearing a lion's head as a helmet; another shows him with the tusked head of an elephant atop his own head!

As Greek civilization declined, so did its coins. At one point, the Greeks became so desperate for metal for their coins that they made them out of bronze and then silver-plated them to make them look like their more valuable counterparts. They even melted down statues of the goddess Nike to make gold coins.

Ancient Roman coins

Rome started as a monarchy (ruled by kings), became a republic (ruled by representatives of the people), and then veered toward a dictatorship (ruled by Caesars) as the Romans created a worldwide empire. Unlike the Greeks, the Romans loved to place images of their rulers on their coins, and they used their coins as propaganda pieces to tout military victories and record important events. Like the Greeks, the Romans revered their gods and sprinkled their likenesses liberally throughout their coinage.

One of the most famous Roman coins is the *denarius,* or penny (see Figure 5-2). This silver coin was roughly the diameter of a modern U.S. dime. Because the denarius was issued over hundreds of years, collectors have an opportunity to collect a wide range of rulers and design types. Rome also issued many unusual coins, such as the big bronze coin known as an Aes Grave, the golden aureus, and the silver didrachm.

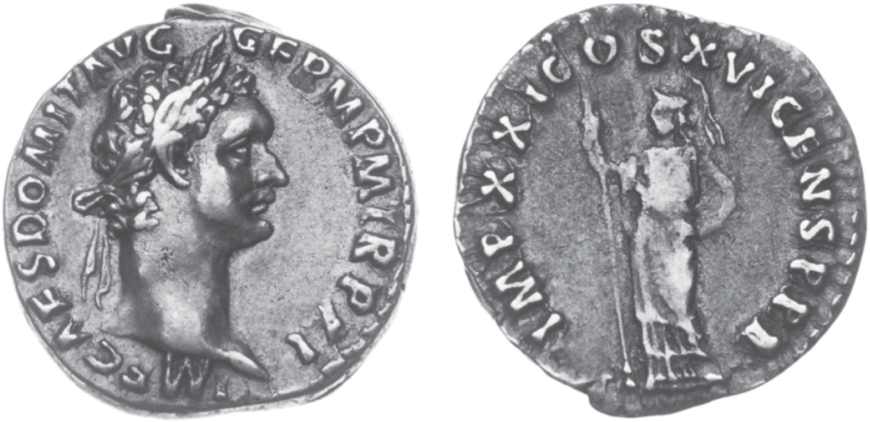

IMP CAES DOMIT AVG GERM P M TR P XI
IMP XXI COS XVI CENS P P P

FIGURE 5-2: The denarius, the backbone of Roman economics.

Some of the most popular Roman coins include Brutus's Ides of March denarius, the coins of the 12 Caesars, and the series of JVDEA CAPTA coins that commemorated Emperor Vespasian's victory over the Jews in 70 A.D.

The nice thing about many ancient Roman coins is their low cost. Small copper coins can be purchased in quantity for less than $25 each. A nice silver denarius costs more. Even some Roman gold coins are surprisingly affordable, considering their popularity.

Biblical coins

The Bible mentions several coins, including the Roman denarius, the Jewish shekel, and the widow's mite. Something about these coins evokes a special feeling in coin collectors today.

When you get down to it, coins are the only tangible reminders we have of the people, places, and events of biblical times. When you hold a tiny widow's mite in your hand, you realize why such a worthless coin can mean so much. And you wonder whether you might be holding the very coin that the old woman gave as an offering.

Byzantine coins

The Roman Empire fell gradually but surely, to be replaced in the West by the Byzantine Empire, centered in Constantinople. In 498 A.D., Anastasius introduced a new copper coin called a *follis,* worth 40 nummi. The Byzantines also issued beautiful gold and silver coins. Byzantine coins are known for their religious symbols; common themes include crosses, images of Christ, and other reminders of the Christian religion (see Figure 5-3). Like the earlier Roman coins, many Byzantine coins bear the images of the rulers of the time.

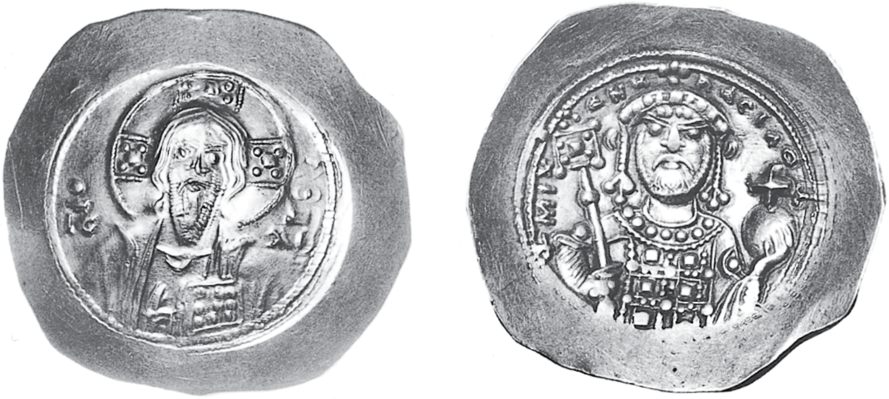


FIGURE 5-3: Byzantine coins like this one were promoters of Christianity.

Byzantine coins, like many other ancient coins, are quite affordable. Many of the gold coins can be had for less $1000, and Byzantine bronzes often sell for less than $100.

Understanding How Age Affects Value

One of the reasons why ancient coins are so common is that the coiners made so many of them; survivors have been found among the many coin hoards that have been discovered over the years. In ancient times, people carried their wealth with them, because there were no banks, ATMs, checking accounts, or credit cards. The wealth of the ancients was measured in coins and jewelry. Money was accumulated in small clay pots or jars. At the first sign of trouble, people buried their money, planning to return to claim it when the crisis passed. As you can imagine, many people forgot where they buried their coins or died before they could retrieve them, and the location of the coins died with them.

Modern construction projects have uncovered many hoards of coins that eventually get dispersed into the coin market. Handheld metal detectors have uncovered millions of ancient coins. Think of it this way: If New York City were covered by a volcano tomorrow, how many Lincoln cents would archaeologists find in 100 years while digging up the city?

It's All Greek to Me!

Many collectors are intimidated by the unusual letters, words, and symbols on ancient coins. "How," they ask, "can you identify your coin if you can't read and understand the lettering and designs?" Actually, ancient coins are no more difficult to collect than some of the modern coins that contain non-English inscriptions and symbols. People who can't read or understand either Japanese or Chinese, for example, have no problems collecting coins from those countries, yet the same collectors may fear venturing into ancient coins.

Most Roman coins bear Latin inscriptions that are fairly easy to translate. When you understand the abbreviations used on Roman coins, the rest is easy. The only stumbling blocks with Greek coins are the Greek alphabet and the unfamiliar shapes of some of the letters. Again, after you learn the abbreviations used on the coins, translations are readily available.

Knowing Where You Can Get 'Em

You may have never seen or heard of one in your life, but ancient coins are everywhere. Your local coin dealer probably has a few in stock, and you can find a big variety of ancient coins at any coin show. At the biggest shows, especially international coin shows attended by dealers from all over Europe, you may even see a collection of coins from a hoard that was dug up recently. Imagine having a chance to buy inexpensive ancient coins fresh out of the ground! If you want a real conversation piece, pick up an ancient coin or two, and share them with your friends.

REMEMBER

Don't forget eBay (`https://www.ebay.com`) if you know real from fake. I just performed a search for *ancient coin* and came up with 106,620 possibilities; the true number is probably more!

IN THIS CHAPTER

- Entering a finely tuned market
- Seeing why U.S. coins are so popular
- Mastering the concept of liquidity

Chapter 6

Making a Safe Bet with U.S. Coins

If you want to be where the action is (and who doesn't?), start your collecting experience with U.S. coins. No other area in world numismatics is as active or exciting. In general, the U.S. coin market enjoys the most active collectors, the most valuable coins, and the best innovations in research and grading. Ample opportunities exist for collectors at all levels — from kids to adults and from beginners to advanced collectors.

In this chapter, I examine U.S. coins and explain some of the special characteristics that make them so attractive to collectors. (See Part 3 of this book for the lowdown on specific types of U.S. coins.)

Discovering a Finely Tuned Market

The market for U.S. coins is without a doubt the largest, strongest coin market in the world, and a tremendous amount of good information is available for the beginning collector. All U.S. coin series have been extensively researched and have published guides, allowing a new collector to enter the market without any knowledge and quickly become as well-read on any numismatic subject as any seasoned collector.

In terms of pricing, the U.S. market is a fine-tuned machine. Most common U.S. coins have buy and sell prices that are so close that collectors can get in and out of the market with relative ease. Several different guides track and set prices at both the wholesale and retail levels, and price guides are even available on the Internet.

The grading of U.S. coins has been elevated to a degree of sophistication that exists nowhere else in the world. The 70-point grading system allows for fine differences in most grades, especially those at the top end of the scale, where attention is the greatest. Third-party certification and grading services has added a certain amount of standardization to an area of the market that was formerly subject to widespread abuse and manipulation.

Many markets exist for U.S. coins, making buying and selling coins an easy prospect, even for those with a do-it-yourself mentality. Coin dealers, coin shows, and major auctions give collectors and dealers have quick, easy, and frequent access to major markets. The Internet and online auctions bring coin markets and millions of collectors to your home. Many dealers who once struggled to stay in business are now thriving by selling through the Internet. Today, collectors can sort through thousands of coins offered by hundreds of dealers. When they find a coin they like, they can view a digital image, make their selection, pay with a credit card, and wait for their purchase to arrive. As long as you purchase the coins from a reputable source, and the coins have been certified by one of the two major grading services (see Chapter 20), what could be safer or more convenient?

Understanding Why U.S. Coins Are So Popular

Coins from the United States are popular for several reasons:

- **Wonderful designs:** In more than 200 years of making coins, the United States has produced a plethora of lovely, interesting designs to entice the collector. The success of the 50 State Quarters program (see Chapter 13), the Presidential $1 Coin program, and dozens of new commemorative coins for the the millions of new collectors who have been brought into coin collecting are proof that interesting designs matter to collectors.
- **Challenging series:** Whether you’re looking to collect mundane, common coins part-time or do something more intellectually challenging, U.S. coins have it all, including many denominations and types, inexpensive coins, super-rarities, big coins, small coins, and everything in between. The sky is the limit, but you can also keep your feet on solid ground.

- **Affordability:** Contrary to popular belief, you don't have to be rich to collect U.S. coins. Just ask any kid who collects the 50 State Quarters, proof sets, and the Sacagawea dollar coins. Having money makes your coin collecting possibilities much more diversified, of course, but that's true of any serious collecting pursuit.
- **Availability of commemorative coins:** You want commemorative coins? The United States has 'em. Since 1892, the United States has commemorated scores of national events, people, places, and organizations. If you choose, you can spend your entire collecting life in this specialized area. (See Chapter 13 for details.)
- **Availability of gold coins:** If you like the yellow metal, the United States produced tons of coins made from gold (see Chapter 12). Many common U.S. gold coins are priced just above their metal value, making them very popular and affordable for collectors all around the world.
- **Active markets:** Coins can be bought and sold at local shops, at local coin shows, at regional and national coin shows, over electronic exchanges, over the Internet, over the phone, through the mail, and so on. So something is always happening in U.S. numismatics.
- **Social benefits:** You can meet lots of new people and perhaps make a few new friends at coin-club meetings, at coin shows, over the Internet, through newsgroups, and so on. Numismatists and coin collectors from the United States and all over the world love to talk coins and compare notes.

U.S. coins have some of the most beautiful designs of any coins of the world. In addition, the history of the United States is depicted on its coins. Through coins, you can see how the American colonies struggled to gain their independence and why a stifled economy due to a lack of coins was such a common complaint. Over the years, a young Miss Liberty has aged gracefully. A religious motto ("In God We Trust") was added to U.S. coins in response to the Civil War. Several statesmen have appeared on U.S. coins, from presidents to other great national icons such as Benjamin Franklin. Peace was proclaimed on silver dollars after World War I, and later coins honored World War II and the Korean War. The United States has issued commemorative coins celebrating just about every event you can think of, from the founding of Delaware to the new 50 State Quarters to the Cleveland–Great Lakes Exposition.

In short, U.S. coins are steeped in a long tradition of history and remembrance. Collectors have happily contributed to the preservation of our common heritage.

Recognizing Desirable Coin Characteristics: Liquidity, Liquidity, Liquidity

Realtors tell you that three most desirable characteristics of a piece of real estate are location, location, and location. If you're buying a coin with the hope of making a profit, the three most desirable characteristics of a coin are, in my opinion, liquidity, liquidity, and *liquidity* (which means how fast they can be sold). Your coin can be the most beautiful thing in the world, the rarest coin ever known to humankind, and of the highest quality obtainable, but if you can't sell it quickly to take advantage of market opportunities, it's worthless.

Liquidity requires the following:

- Access to the markets
- Uniform pricing
- Public acceptance of the product
- Ease of transportation and storage

In general, many U.S. coins meet all these requirements. In fact, one of the reasons for the success of third-party certification services was their perceived ability to make coins more liquid. In the early days of its existence, the Professional Coin Grading Service (PCGS) went so far as to establish a sight-unseen trading market for PCGS-graded coins. Even today, some certified coins trade on a sight-unseen basis, but most require visual examination and acceptance by the buyer.

How liquid are U.S. coins? The answer depends on the price level and how much time is available to complete the transaction. Many coin dealers use the *Coin Dealer Newsletter* (also known as the *Greysheet*) to set their buy and sell prices. If you need to sell today, most anyone will pay 30 percent below the *Greysheet* bid prices for a certified coin. If you can wait and do a little shopping around, you might find several dealers who will pay 10 percent below bid. If you have enough time, you can eventually find just the right collector to pay full bid or even more.

Thus, as far as coins are concerned, liquidity is never the best price. Nevertheless, if *any* coins are liquid, U.S. coins are the most likely to meet this definition.

IN THIS CHAPTER

- Exploring the world through coins
- Knowing how to collect coins from around the world
- Grading global coins

Chapter 7

Globetrotting with World Coins

World coins offer tremendous collecting opportunities for coin collectors at all levels. If you're a beginning collector, you have hundreds of countries and tens of thousands of coin designs to choose among. If you're a collector of average means, you can find lots of great values in world coins, including coins that sell for very little and rarities that would cost thousands of dollars if they were U.S. coins. Advanced collectors appreciate the many research opportunities that exist in the coinages of other countries when hobbyists have not taken the time to classify, evaluate, or publish information about their coins.

World coins can take you back into time and beyond your borders into foreign lands and different cultures that you wouldn't otherwise experience. To collect world coins is to understand new languages, appreciate other cultures, and "visit" other countries that you now know only by name.

A Few Hints for Beginners

You can build a meaningful collection of world coins in many ways. This section shares a few of the most popular methods of collecting them.

Collecting by country

There's a whole world out there! So where do you start? The world is full of countries, from Albania to Zimbabwe and everything in between. The faces of world coins change constantly as old countries fade into obscurity or break up and new countries take their places.

REMEMBER

Many collectors attempt to obtain coins from as many countries as possible, including those from countries that no longer exist, countries that have just formed, others that have been around for a while but have undergone name changes, breakaway republics, and so on. Other collectors try to obtain as many coins from the same country as possible, but this approach can be a challenge if they choose a country that has issued coins over several centuries.

Collecting by denomination

The United States uses cents and dollars, but as you travel around the world, you run into odd, interesting traditional coins such as groschens, lire, pounds, dreilings, centavos, dongs, ponds, marks, schillings (see Figure 7-1), petermengers, qirsh, rupees, and so on, as well as new coins like euros. The number of denominations used around the world is large, and the resulting collections are a lot of fun to create and display.

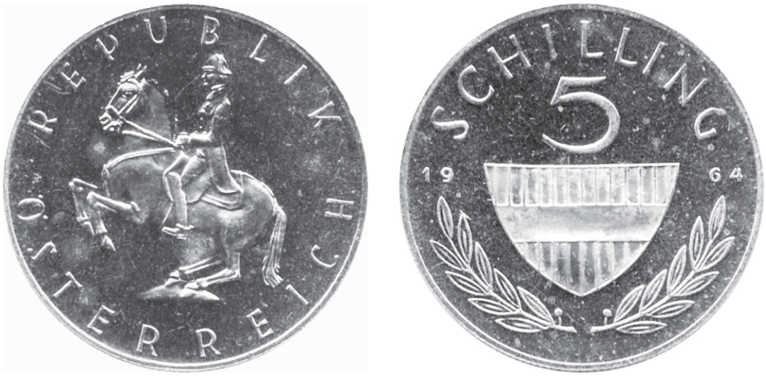


FIGURE 7-1: The 1964 five schilling coin of Austria, since replaced by the euro.

Collecting crowns

In the context of coin collecting, *crowns* aren't the golden hats worn by kings or the diamond tiaras worn by queens, but the large, silver-dollar-size coins that have been issued by countries around the world for centuries. Most European crowns are known as Thalers (pronounced *tall*-ers), which are the forerunners of U.S. dollars. (Notice that the two words sound almost the same?) Virtually all the crowns made before 1965 are silver. In recent years, however, most countries have discontinued the use of silver; they now use a silver-color mix of copper and nickel. Many crowns were made to commemorate special events or people, so a collection of these large, impressive coins can be filled with interesting, unique designs.

Collecting by date

Pick a date, and try to collect coins minted in that year from as many countries as possible. You might choose the year of your birth or some other year that has personal significance. You may find that the year you choose has special meaning in another country as well, but probably for a different reason.

You can also focus on a particular century and try to obtain as many coins minted in that century from as many countries as possible. Not surprisingly, collectors focus a lot of attention on modern coins and tend to overlook older ones, where lots of good values hide. You can find some really good values in coins from the 17th and 18th centuries. You can buy old Thalers from the 1600s for less than $300, for example, and many lower-denomination coins from the same period can be had for $30 or less.

Collecting topically

Topical collecting means forming a collection of coins with similar themes or topics. Popular topics include animals, presidents, plants, trains, the Olympics, the Food and Agriculture Organization of the United Nations, kings, queens, airplanes, and bees. Topical collections are limited only by your imagination.

Recognizing the Hot and Cold Countries

Collecting tastes for world coins run hot and cold, depending on factors such as the strength of the home country's *collecting base* (the number of collectors within a country and how active they are), currency exchange rates, import/export restrictions, and the types of coins issued by the country. The following is my take on some of the most visible (although not necessarily the most popular) countries:

- **Africa:** Yes, Africa is a continent, not a country, but none of the African countries stands out as having a particularly strong collecting base. Nevertheless, the coins of Egypt, Ethiopia, and South Africa get an honorable mention for collectors outside the countries themselves. And colonial coins from Africa have always had a strong base in the European countries that previously colonized these areas.

- **Australia:** Because of the British affiliation, Australian coins started with lots of fans back in England and have developed a large following of their own "down under." As Australia's economy and population grow, expect to see even greater collecting activity in this country's coins.
- **Canada:** Both Canadian and American collectors love coins from this country. Canadian coins from the 19th century are both rare and valuable in high grades. And in recent years, Canada has minted a lot of interesting commemorative coins that have created thousands of new collectors.
- **China:** A huge population, a growing economy, and an emerging middle class all point to a powerhouse market as the Chinese become increasingly aware of and interested in their numismatic history. The legalization of owning personal property in the '90s had a major impact on coin collecting in China.
- **France:** French coins are slow and steady. You won't see any big swings up or down in France's low-key coin market.
- **Germany:** Blistering hot for more than a decade, German coins have cooled in recent years. Nevertheless, this country is a perennial favorite in the United States, and a strong market for German coins exists in Germany too.
- **Great Britain:** England, Scotland, and Ireland have been making coins for so many centuries that you have lots of great pieces to choose among. Great Britain is famous for its well-made coins.
- **Japan:** Prices of Japanese coins have followed the country's economy from dizzying heights to anemic levels and back again.In the twenty-first century, Japan is suffering from deflation, which is affecting their coin market.
- **Mexico:** As a colonial Spanish power, Mexico was a prolific producer of gold and silver coins, the most important of which were the Eight Reales or Pieces of Eight, the coins commonly found in shipwrecks. Any coins struck by Spain for Mexico are in great demand.
- **Netherlands:** Catalog values remain high, but coins from this country are usually hard to find in higher grades.
- **Russia:** Russian coins are hot, hot, hot — especially older coins from before the nineteenth century Russian coin prices have exploded!
- **Spain:** Demand for coins later than 1900 is weak, but demand for older Spanish coins is huge, especially for coins from the Spanish colonies in the Americas (Mexico, Bolivia, Peru, and so on).
- **Switzerland:** The weakening of the Swiss franc relative to the U.S. dollar resulted in lower prices, which is good news if you've been waiting to pick up some bargains from this country.

REMEMBER

Collecting tastes are fickle. Coins from your favorite country may be hot today and cold tomorrow. Be ready to adjust your collecting strategies: If prices for coins from your favorite country jump, shift your attention to a country that's out of favor. If prices begin to drop, buy while the getting's good.

Understanding That Grading Standards Are Not All the Same

U.S. numismatists work with a highly developed grading system that classifies minute differences between grades. Although attempts have been made to impose U.S. standards on the rest of the world, most countries are perfectly happy with the different grading standards that they've used for centuries.

Obsession with quality is okay — to a point

For the most part, collectors of world coins aren't as obsessed with quality as U.S. collectors are. Collectors in Germany, for example, are more interested in obtaining as many different coins as possible; whether the coins are circulated or uncirculated is less important. As a result, these collectors aren't willing to pay much of a premium to obtain an uncirculated coin when they're just as happy with a nice, high-grade circulated extremely fine coin.

TECHNICAL STUFF

There is danger in assuming that foreign markets will support the huge premiums that Americans pay for the best-quality coins. Here's an example: In 1989, the U.S. market hit a cyclical peak. Coin prices were extremely high, dealers were making lots of money, and the economy was good. *Slabbing* (coin grading and certification) of U.S. coins was only a few years old, whereas the slabbing of world coins was brand-new. Collectors and dealers from the United States began paying huge premiums for high-grade world coins, partly because money was loose and partly because of perceived rarity. Gem coins (MS-65 or PF-65) began selling above the values published in catalogs; anything better (MS-66 or PF-66 and up) brought multiples of the catalog value. Unfortunately, the only ones paying the premiums were U.S. dealers and collectors; buyers in foreign countries thought the Americans were nuts. And it seems that they were right, because as prices for U.S. coins fell, so did the premiums being paid for world coins.

Extremely Fine is not Extremely Fine is not Extremely Fine

Grading systems differ throughout the world. An Extremely Fine coin under the U.S. coin-grading system, for example, shows only light wear on the high points, and you can generally expect to see some luster on the coin. The equivalent under the European grading system is *vorzuglich* (sometimes abbreviated as *vz*). To qualify as *vorzuglich,* however, a coin must look more like the U.S. version of About Uncirculated, meaning that the luster should be full and strong, and the highest points of the coin should show only traces of wear — a much stricter standard.

To illustrate, many of the German state coins listed in the *Standard Catalog of World Coins* show big jumps in price as you move from Very Fine to Extremely Fine, with a smaller jump in price between Extremely Fine and Uncirculated. A coin may be listed at $30 in Very Fine, $600 in Extremely Fine, and $850 in Uncirculated condition. If you go to one of the German price guides, you may find the same coin listed at the equivalent price of $600 in *vorzuglich,* so it would appear that the prices match for the Extremely Fine and *vorzuglich* grades. Therefore, if you see the coin being offered at a U.S. coin show for $450 in Extremely Fine, it must be a good deal, right? Not necessarily, and here's why: Given a choice between a $30 and a $600 example of the same coin, the average collector both in the United States and elsewhere will settle for the $30 example. At the $600 level, the U.S. collector says, "I'd rather spend $250 more and get a nice Uncirculated example," and the German collector says, "For $600, I want a much nicer coin than the one you're offering." Therefore, the $600 Extremely Fine coin becomes a trap in a numismatic limbo, shunned on one side because of price and shunned on the other because of quality.

WARNING

Before buying world coins, understand how they're priced and graded in their countries of origin. Beware of imposing U.S. grading standards and values on another country's coins.

IN THIS CHAPTER

- Collecting only the best quality
- Searching for odd and curious money
- Finding out about tokens and medals
- Getting down and dirty with varieties

Chapter 8

Exploring the Wild Side with Rare, Expensive, and Esoteric Coins

Like people, coin collecting can be plain and simple or wild and crazy. "Plain and simple" would mean working on completing your collection of Lincoln cents in Extremely Fine condition. Such coins are readily available at most coin stores; they're affordable; and if you miss the chance to buy one, you can probably find it somewhere else. "Wild and crazy" would be trying to obtain the finest Lincoln cents known. These coins are the kind that require a considerable effort to find and a considerable income to afford. You have to know what you're doing and be ready to pounce when the right coin comes along; if you miss it, years may go by before you have the chance to buy another.

In this chapter, I describe some areas that require active participation and a high level of commitment in terms of time or money — or both. In return, you'll be rewarded by some of the most interesting, unusual, and valuable coins, not to mention the thrill you'll receive from hunting them down and capturing them.

So if you're looking for a little more excitement in your collecting career, check out some of these wild areas!

Looking for the Best of the Best

Quality is an important goal in numismatics. Coin dealers preach incessantly that you should buy the best quality you can afford. (Higher quality, of course, equals higher price, so such advice may work to the coin dealers' advantage.) To some people, quality is important; to others, quality is everything.

Collecting Finest Known coins

Some people collect only the finest example known of particular coins (called *Finest Known* coins), paying some very impressive premiums for that privilege. A coin worth $50 in Choice Uncirculated condition, for example, could be worth $5,000 (or even $50,000) in Superb Uncirculated condition. Rumor has it that a 1970 cent sold for $30,000 in MS-70. (You can buy the same coin in MS-69 for $30.) You might question the soundness of paying $30,000 if the owner had to resell it anytime soon.

Finest Known doesn't always mean fine quality, however. Many of the earliest U.S. coins aren't available in Uncirculated condition, and the Finest Known example may rate a grade of only Extremely Fine, if that. Only a few coins, most of them modern, are known in the top grade of 70 on the Sheldon-Breen grading scale.

REMEMBER

The Sheldon-Breen grading scale rates the condition of coins by using a scale from 1 to 70, with 1 being the worst condition and 70 being the best. For the most part, 70 is a theoretical grade representing absolute perfection.

Even coins of the same denomination from the same year may have wildly different Finest Known examples. The finest 1865 $10 gold pieces graded by the Professional Coin Grading Service (PCGS), for example, are one example at the MS-63 (Choice Uncirculated) level. By the same token, the finest PCGS-1865-S $10 gold piece is a single AU-53 (About Uncirculated), which is the opposite of what collectors expect to find, because more than four times as many $10 gold pieces were minted in San Francisco as in Philadelphia in 1865. What it really means is that fewer of the 1865-S $10 gold pieces were *saved,* because most of the major collectors at the time lived in the eastern United States, and only a few of them were concerned with collecting coins with different *mintmarks* (the tiny letters on coins that tell where a coin was made).

Therefore, a collection of Finest Knowns may contain coins ranging from Extremely Fine (circulated) all the way to Superb Uncirculated. Although the appearance and quality of the coins in such a set won't be uniform, you can bet that any numismatist worth their salt would drool over it!

WARNING

Collecting only Finest Known coins carries one huge financial risk: that a better coin may come along tomorrow. Imagine paying $69,000 for a 1953-S half dollar graded PCGS MS-66 with full bell lines, as someone did in January 2001. (*Full bell lines* refers to the design lines in the Liberty Bell that appear only on the very sharpest Franklin half dollars minted from 1948 to 1963. Poorly made examples have no bell lines or only partial ones.) What will happen to that person's investment if an MS-67 with full bell lines, or even another MS-66 with full bell lines, shows up tomorrow? Think that it can't happen? Keep in mind that there was a time when no MS-66 full-bell-lines examples had yet been graded. And there are still thousands of ungraded 1953-S half dollars out there!

WARNING

Collecting Finest Known world coins (see Chapter 7) can be particularly treacherous because far fewer world coins have been submitted to grading services, and as far as I've seen, very little Condition Census research (discussed in the following section) exists for world coins.

Checking Condition Census

For many years, large-cent collectors have maintained a listing of exceptional examples of die varieties. (I explain these varieties in "Collecting by Die Variety — the Spice of Life," later in this chapter.) Known as the *Condition Census*, this listing gives collectors a good idea of what conditions are available for each variety and how their coins stack up against the best-known examples. If you come across a particular variety in Extremely Fine condition, you can check the Condition Census listing to see whether your coin is important. Generally, if you own a coin that's listed in the Condition Census, or if you discover a new example that warrants inclusion, you have a special and valuable coin.

TIP

Along those lines, PCGS developed the PCGS Set Registry on its website (`https://www.pcgs.com`). The Set Registry lists the finest condition coin sets in existence today and the finest-condition sets of all time. Not surprisingly, the Set Registry contains only coins that have been graded by PCGS or evaluated by one of its experts. The information contained in the Set Registry lets you know how your collection stacks up against those around the world. Your collection need not be complete to merit inclusion in the Set Registry, but if you're working on a popular set, such as Mercury-head dimes (see Chapter 11), you'll have to have as complete a set as possible in the finest grades; otherwise, your collection will be way at the bottom of the list.

Most of the major grading services publish reports showing all the coins they've graded and the condition of each coin. Use these reports just as you would a Condition Census to see whether your coin is no big deal, special, or even Finest Known.

WARNING

When using the condition reports published by grading services, keep in mind that

- They don't include coins from other services that may be significantly better.
- The very same coin can earn different grades at different services.

Also beware of common coins minted since 1964; they show only a few listings and may appear to be rare simply because they're so inexpensive that very few are sent in to be graded.

Finally, some numismatists estimate that as many as 20 percent of the coins in the population reports are the same coins that have been resubmitted several times.

Recognizing Odd and Curious Money

Wait until you see the things people around the world have used for money! I mention a few of them in Chapter 2, including the dried carcasses of the bird of paradise and the heavy round stones used by the Yap Islanders.

If you want to get really wild, try your hand at building a collection of odd and curious money from around the world. Following are a few items to look for:

- Bricks of tea used as money by the Chinese
- Billion-mark emergency coins used by the Germans following World War I (see Figure 8-1)
- Porcelain disks from Siam
- Clay tablets with cuneiform inscriptions, used by the Babylonians
- Heavy copperplate money used by the Swedes
- Thin, oval plates of gold, called *oban,* from Japan

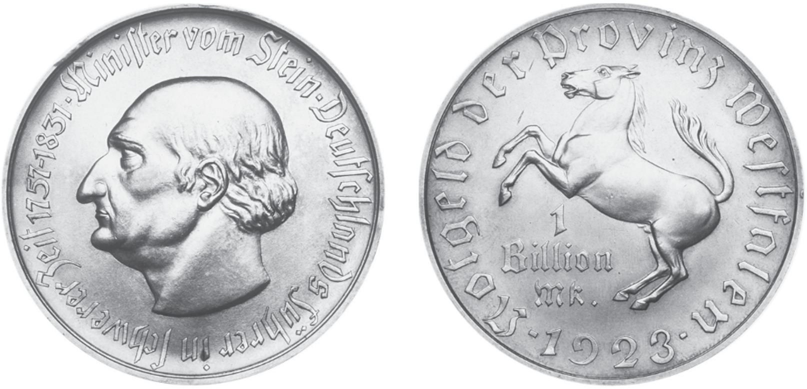

Minister vom Stein·Deutschlands Führer in schwerer Zeit 1757-1831·
Geldwert der Provinz Westfalen
1 Billion Mk.
1923

FIGURE 8-1: The 1923 billion-mark coin from the German state of Westphalia.

Investigating Tokens, Medals, and Miscellaneous Coins

Tokens and *medals* are privately made, coin-shaped pieces of metal that may or may not have a stated value. This section offers you some areas to investigate.

Hard Times tokens

In the 1830s, President Andrew Jackson refused to recharter the Bank of the United States, an act that helped plunge the United States into a depression. Small change disappeared from circulation, and merchants had great difficulty conducting business without coins. Several privately issued copper pieces, called *Hard Times tokens* (see Figure 8-2), appeared in response to the need for small change. Usually the size of a U.S. large cent (see Chapter 10), these tokens feature a variety of contemporary political slogans, not a few of which lambasted President Jackson. Many of the tokens are quite rare, but enough of them are affordable that you can assemble a nice collection.

Good For tokens

Good For tokens (see Figure 8-3) are tokens that give the bearer some sort of premium, such as "Good for One Ride" on a carousel or "Good for Ten Cents" against a purchase in a dry-goods store. Merchants created Good For tokens to advertise their businesses and get buyers into their establishments.

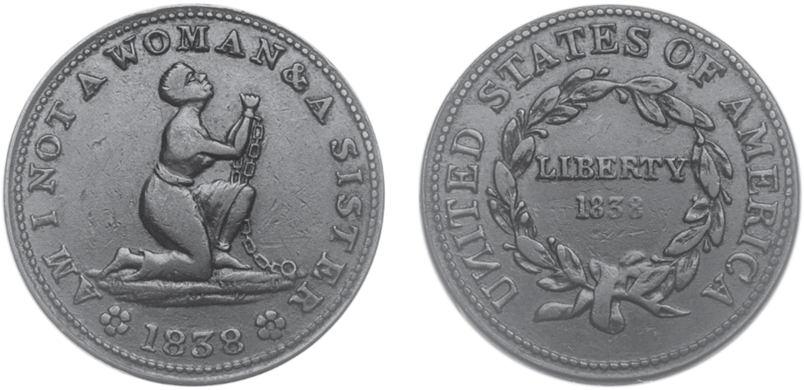

AM I NOT A WOMAN & A SISTER
1838
UNITED STATES OF AMERICA
LIBERTY
1838

FIGURE 8-2: The 1837 Hard Times token.

Lost Dutchman Rare Coins / Wikimedia Commons / Public domain

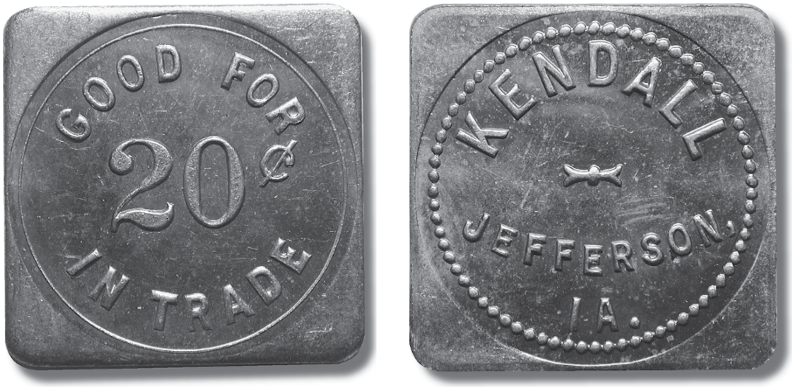

GOOD FOR
20¢
IN TRADE
KENDALL
JEFFERSON,
IA.

FIGURE 8-3: A Good For trade token.

Because so many different Good For tokens have been made over the years, collectors have come up with innovative ways to collect them:

- **By city:** Some collectors try to obtain Good For tokens from as many cities as possible or all from the same city.
- **By state:** Some collectors try to obtain Good For tokens from as many states as possible or all from the same state.
- **By product:** Some collectors specialize in tokens that offer a certain product, such as cigars or boots.
- **By merchant:** Some collectors try to obtain as many Good For tokens from as many merchants as possible.
- **By denomination:** Some collectors try to obtain as many denominations as possible, such as "Good for One Dollar" and "Good for Ten Cents."

Civil War tokens

During the Civil War, people began hoarding coins just in case fighting forced them to flee their homes with all their worldly possessions. As a result, merchants had difficulty conducting business, just as they did during the Hard Times of the late 1830s (refer to "Hard Times tokens" earlier in this chapter). Private companies worked to meet the need, this time by issuing small coins the size of today's pennies (see Chapter 10). You see many political themes on Civil War tokens, mostly patriotic ones aimed at supporting the Union cause. But you also see a lot of tokens whose purpose was not only to supply loose change, but also to advertise the merchant's business (see Figure 8-4).

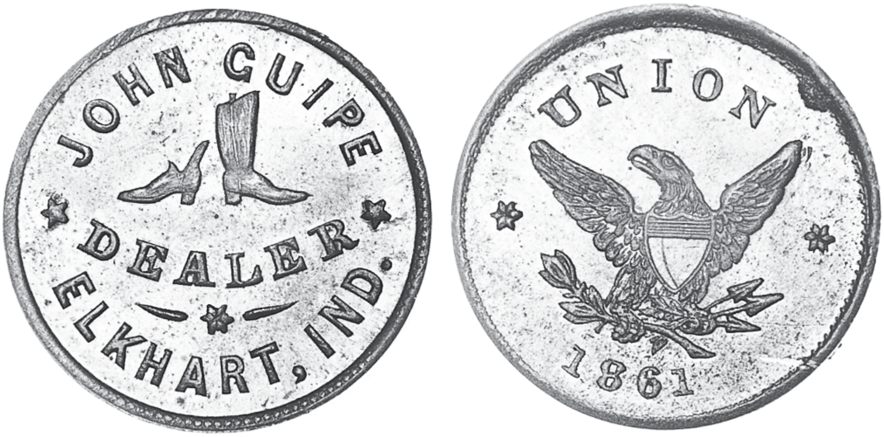


FIGURE 8-4: A Civil War patriotic token.

Civil War tokens appear in two major categories:

- **Patriotics:** Tokens with purely patriotic or political themes and no references to a business or merchant
- **Store cards:** Tokens with at least one side that refers to a business or merchant

As you may have guessed, a lot of designs from the patriotics were also used on store cards.

Most Civil War tokens were made of copper, although some off-metal pieces were made for collectors from silver, brass, nickel, copper–nickel, lead, and other metals and alloys.

Check out this fascinating series; collecting Civil War tokens is affordable, educational, and fun.

Washington medals

George Washington was not only the father of the United States, but also a popular subject for coins, medals, and tokens (see Figure 8-5).

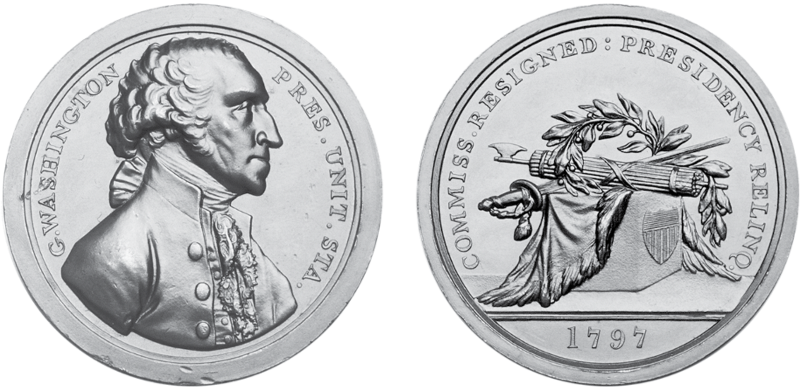

G. WASHINGTON PRES. UNIT. STA.
COMMISS. RESIGNED : PRESIDENCY RELINQ.
1797

FIGURE 8-5: George Washington was a popular subject on tokens and medals.

Special medals were made to honor Washington at his presidential inauguration, at his death, on the centennial of his birth in 1832, at the U.S. centennial celebration in 1876, on the bicentennial of his birth in 1932, and for just about any other occasion you can think of. A collector can find hundreds of Washington medals, tokens, and coins; most are affordable, some are very rare and valuable, and all are interesting. A collection of Washington medals makes a fascinating display, and you won't have to explain to your non-numismatist friends who that fellow on the coin is!

Collecting by Die Variety — the Spice of Life

Here's a simplified explanation of a die variety: A *die* is a cylindrical piece of steel with a design on one end. An *engraver* or *die sinker* cuts a design into the steel. Stamping a blank disk of metal with the die creates a raised design on the blank. To make any coin, you actually need three dies, but for the purpose of most die varieties, generally only two dies — one for the obverse and one for the reverse — are needed. Any combination of obverse and reverse dies is known as a *die pair* or a *die combination.* The third die, the *collar die,* is used to stamp the rim. On some modern dollars, the collar die has been struck twice, upside down, or not at all, each time creating another die variety.

Sometimes, an engraver makes more than one obverse die (say, Die 1 and Die 2) and more than one reverse die (say, Die A and Die B). To make a coin, a press operator uses one of the obverse dies and one of the reverse dies, places them in a coining press, and begins stamping coins. During one day, the press operator may choose Die 1 with Die A, but the next day, it may be Die 1 with Die B, and so on. The more dies the engraver makes, the higher the number of possible combinations the press operator has.

In the early days of the U.S. Mint, engravers cut the designs into the dies by hand, meaning that each die had unique characteristics that separated it from all the others. Through careful study, collectors have identified most of the die pairs used to strike coins in the 1800s, especially in the early part of the century. Each unique die pair is known as a *die variety.* Collectors who seek to acquire a coin from each die variety are known as *variety collectors.*

Why the big fuss about variety collecting? Some varieties are extremely rare and valuable. Just a small difference between two die varieties can translate into a huge difference in price.

Here are some areas in which variety collecting has become particularly strong:

- **Colonial coins:** Rabid variety collectors can be found searching just about every colonial series (see Chapter 9), but the ones who really froth at the mouth focus on the New Jersey, Connecticut, and Vermont coppers. Less-intense collectors work with Massachusetts half cents and cents, Nova Constellation coppers, Voce Populi coppers, and other series (see Chapter 9). If you're interested in this area, check out the Colonial Coin Collectors Club (`https://colonialcoins.org`).
- **Half cents:** Half cents were made from 1793 to 1857, and there are roughly 100 varieties (if you don't count the rare dates in the 1840s that were made only for collectors). Some of the best people in the world collect half cents and large cents; I encourage you to meet some of them! If you're interested in this area, check out Early American Coppers (EAC) (`http://eacs.org`).
- **Large cents:** The community of collectors for large cents is even larger than that of half-cent collectors. Large cents present a greater challenge for you as a variety collector because you can find hundreds of varieties, some of them quite rare and valuable. If you're interested in this area, check out EAC (`http://eacs.org`).

- **Half dollars:** The name of one club says it all: Folks have gone nuts for half-dollar varieties. If you're interested in this area, check out the Bust Half Nut Club (`https://www.busthalfprices.com/bhnc.php`).
- **Silver dollars:** The high cost of early silver dollars requires deep pockets if you want to collect them by die variety, but if you have the money, go for it! If you're interested in this area, check out the John Reich Collectors Society (`www.logan.com/jrcs`).

Collectors have scrutinized just about every U.S. series for die varieties, and each series has its proponents. The key to success and happiness is finding a series that you enjoy. You may want to settle into a series that has been fully explored, or you may prefer to venture into uncharted waters, do the research, and discover the next new variety on your own.

Many more opportunities exist for the collector who's looking for a little excitement. If nothing else, I hope that this chapter encourages you to explore new, different ways of collecting. Let your collection mirror who you are, whether you're mild or wild!

REMEMBER

The entire point of collecting anything is enjoying both the process and the result.

3

Focusing on U.S. Coins

IN THIS PART . . .

Explore the fascinating series of U.S. coins, beginning with colonial coins, tokens, and medals, proceeding to copper and nickel coins, valuable silver and gold coins.

Take a look at commemorative coins.

Explore some oddball coins, like patterns, pioneer gold, Confederate coins, and much more.

IN THIS CHAPTER

- **Understanding U.S. colonial coins**
- **Collecting world coins from the U.S. colonial period**
- **Identifying privately issued coins**
- **Looking at Washingtoniana**

Chapter 9

Colonial Coins: America's Ancients

In a sense, colonial coins are the U.S. version of ancient coins. Some colonial coins, like the Massachusetts silver coins, predate the first official U.S. coins by more than 100 years. Colonial coins are classic Americana, and you should view them as being very special, whether or not you decide to collect them.

Colonial coins, like fine wine, are an acquired taste: It takes quite a while to learn about and appreciate them. Many collectors view 1792 — the year when the U.S. Mint was established — as being a sort of boundary that they won't cross. But after you cross that line and get a taste of U.S. colonial coins, your collecting days may never be the same.

Colonial coins are rich in history and stories. Hold a colonial coin in your hand, and imagine the events and people of long ago. How many people held this coin? Who were they? Were any of them famous? Was this coin used to buy tea in Boston Harbor? Or was this coin in some Continental soldier's pocket, and if so, what battles, if any, did this coin endure? Where has the coin been all these years?

In this chapter, I introduce you to U.S. colonial coins with the hope of arousing your curiosity just enough to induce you to take a longer look.

Recognizing a Colonial Coin

Prior to the adoption of the U.S. Constitution in 1789, America was a loosely knit conglomeration of territories and colonies owned by various Native American tribes, as well as Spain, England, and France. Despite their cultural differences, the European colonists had one thing in common: They needed money, especially coins, to conduct their daily business, and they didn't care much where the coins came from.

TECHNICAL STUFF

There's no hard-and-fast definition of a colonial coin. Tradition can be just as important as fact in deciding which coins qualify. Over the years, colonial coins have been defined as those that fall into one or more of several categories:

- Foreign coins known to have been used in the U.S. colonies
- Coins officially sanctioned by a colony
- Privately issued and other miscellaneous coins and tokens
- Quasiofficial national issues
- *Washingtoniana* (coins struck privately, with George Washington's face or bust on them)

Locating Foreign Coins Used in the American Colonies

Many countries controlled land in the colonies. Because they viewed their possessions as being investments and sources of raw materials, European countries had a vested interested in making the colonials work for trade, keeping hard money out of the area.

French coins

The French owned a lot of land in the colonies, within both what became the United States (including the Louisiana Territory) and what was to become Canada. Naturally, as French people emigrated to America, they brought some coins with them. Other coins were made specifically for use in the French colonies; these coins were underweight and unpopular. But being realists, the colonists welcomed any kind of money, including any of France's silver and copper coins.

Irish coins

The earliest Irish coins used in America were the copper farthings and halfpennies of the early 1600s (see Figure 9-1). Large numbers of these coins have been found in Jamestown excavations. The front of both coins shows King David playing a harp below a crown. The back of the farthing shows St. Patrick driving the snakes out of Ireland. The back of the halfpenny shows a crowd of people surrounding St. Patrick.

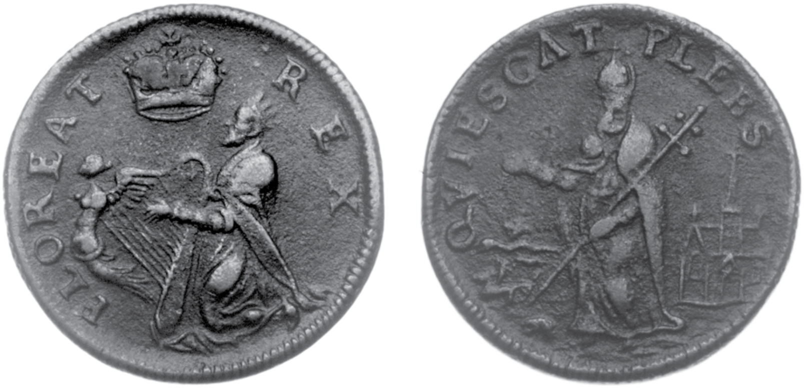


FIGURE 9-1: The St. Patrick farthing.

TECHNICAL STUFF

Here's a neat anecdote: To make the crown look golden, a small plug of brass was added to the coins before they were struck.

In 1722, a fellow named William Wood began making copper farthings and halfpennies for Ireland. Unfortunately, the Irish rejected the coins because they were too light, so guess who ended up with them? Yep, you guessed it — the colonies. Today, these coins are known as *Wood's Hibernia farthings* and *halfpennies.*

British coins

The British supplied precious few coins, preferring instead to trade tea for rum, sugar, cotton, and tobacco. Nevertheless, many British coins and tokens made their way to America, but they were usually lightweight or fake coppers.

In the 1790s, several types of tokens were made privately for use by colonial merchants or for sale to collectors. In the first category, the Talbot, Allum & Lee (TAL) tokens stand out (see Figure 9-2). Originally made for the New York merchants of the same name, many of the TAL tokens were later cut down and used as blanks to make U.S. half cents.

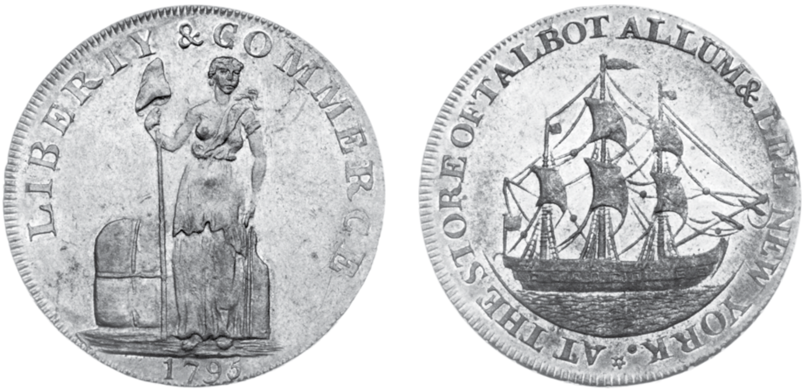

LIBERTY & COMMERCE
1795
AT THE STORE OF TALBOT ALLUM & LEE NEW YORK.

FIGURE 9-2: The Talbot, Allum & Lee token.

Spanish coins

In the 1700s, Spain had one advantage over all the other countries that controlled territories in North America: It owned Mexico and most of South America. The vast silver and gold mines of these areas provided Spain plenty of the popular and valuable metals, most of which was turned into coins before being shipped to the coffers of Europe. Spanish coins were so well accepted in world trade that they made their way into every country in the world at the time, including most of Europe and the British North American colonies. The coins were highly regarded and accepted by everyone in the colonies, including the local governments, which accepted them in payment for taxes. The most popular coin of the age was the Eight Reales or Piece of Eight (see Figure 9-3), a large silver coin that served as the standard for British and U.S. dollar coins and was used and accepted as money in the United States until 1857.

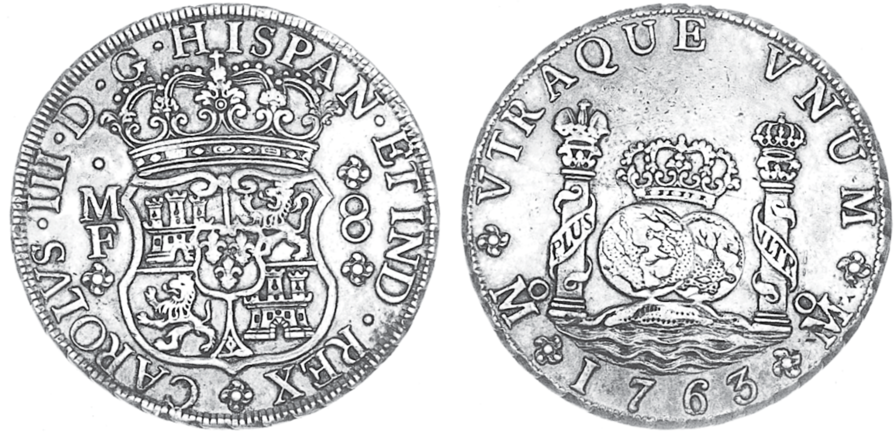

CAROLUS·III·D·G·HISPAN·ET·IND·REX
M
F
8
VTRAQUE VNUM
PLUS
VLTRA
M
M
1763

FIGURE 9-3: The 1763 Mexican Eight Reales or Spanish Piece of Eight.

London elephant tokens

In the late 1600s, several interesting elephant tokens were created (see Figure 9-4). Because some of them refer to Carolina, they've all become a popular part of the colonial series. These coins are the only colonial coins that display pachyderms. Designed and made in London, this coin was originally made to heighten interest in the colonies' Carolina Plantation and not intended to be used as money, according to the numismatic research of Dr. Richard Bagg and Michael Holder.

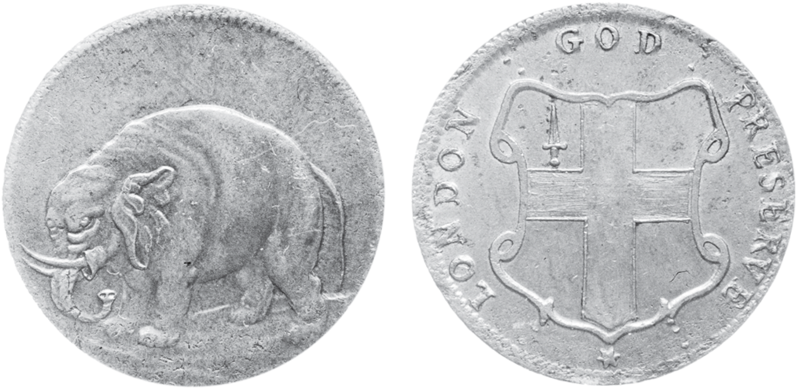


FIGURE 9-4: The elephant token.

Appreciating How Colonies and States Expressed Themselves

Generally, the states and colonies were under tight control by their mother countries. Except in rare instances, colonies couldn't issue their own coins. (One of those instances applied to Virginia, which legally issued local copper coins.) This section covers some exceptions.

Massachusetts

Specially authorized people made copper half cents and cents for the state of Massachusetts in 1787 and 1788 (see Figure 9-5). The obverse of the coin features a Native American holding a longbow and a spear. The reverse of the coin features an eagle with outstretched wings and a shield on its chest.

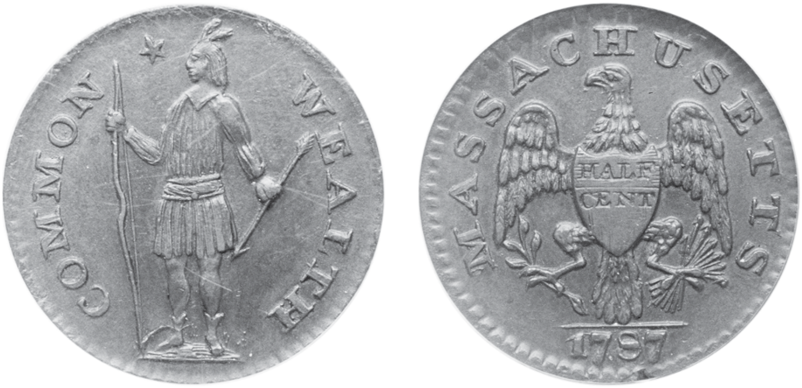


FIGURE 9-5: The Massachusetts half cent.

New Jersey

New Jersey authorized private contractors to produce copper coins (known as *New Jersey coppers*) for use in the state (see Figure 9-6). Dated 1786, 1787, and 1788, these interesting coins feature a horse and plow on the front and a shield on the back. A large number of varieties exist, most with the horse's head facing right, but a few have the head facing left. Some coins have a small running fox on the back, and others show the horse's head shaped like that of a camel!

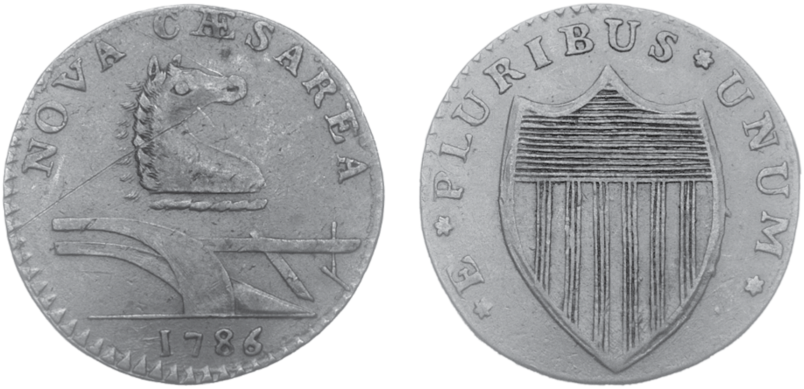


FIGURE 9-6: The 1786 New Jersey copper.

Connecticut

Connecticut subcontracted out its coining contract in 1785, beating New Jersey by a year. The contract lasted through 1788, during which time thousands of coins, known as *Connecticut coppers* (see Figure 9-7), were produced. In this series, you can find varieties with such quaint names as *African head, muttonhead, laughing head,* and *horned bust.* Prices have risen dramatically for rare varieties and even for common varieties in Very Fine or better condition. (See Chapter 19 for an explanation of coin grading.)

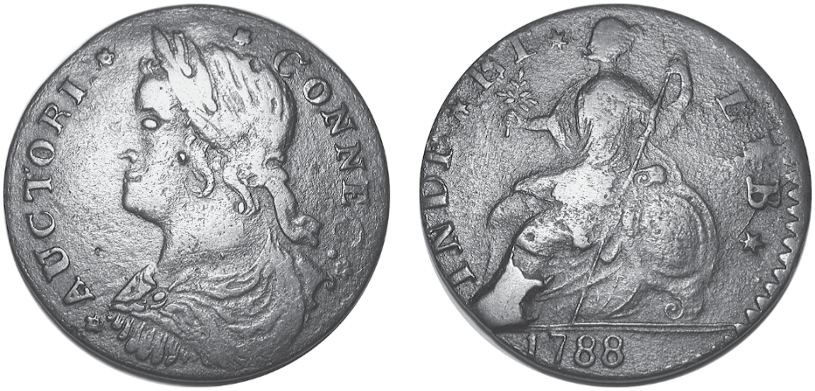

AUCTORI · CONNEC
INDE · ET · LIB
1788

FIGURE 9-7: The 1788 Connecticut copper.

Vermont

Beginning in 1785, Vermont produced some of the most eagerly sought-after collector coins. Known as *Vermont coppers* (see Figure 9-8), the first issues show the sun peeking over the Green Mountains, with a plow in the field below. The reverse of the coin bears the legend *Quarta Decima Stella* (meaning "14th star" and referring to Vermont's being the 14th colony and state). Later coins in this series have busts that face left or right. Although 39 varieties were produced, many of them are quite rare and valuable.

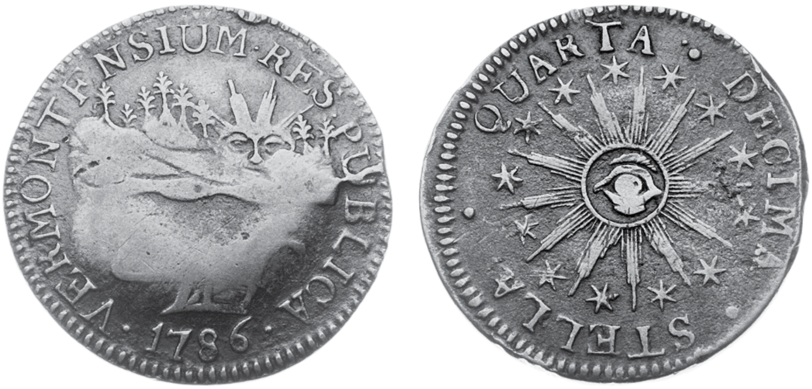

VERMONTENSIUM · RES PUBLICA
· 1786 ·
QUARTA · DECIMA · STELLA

FIGURE 9-8: The 1786 Vermont copper.

New York

New York never awarded a coinage contract, but several coins were made by private mints, and individual coins bear images that are near and dear to New Yorkers. Chief among these coins are the Nova Eborac coppers and the several varieties that feature the Arms of New York on one side (see Figure 9-9). Most New York coins are rare; only the Nova Eborac copper coins were made in quantity.

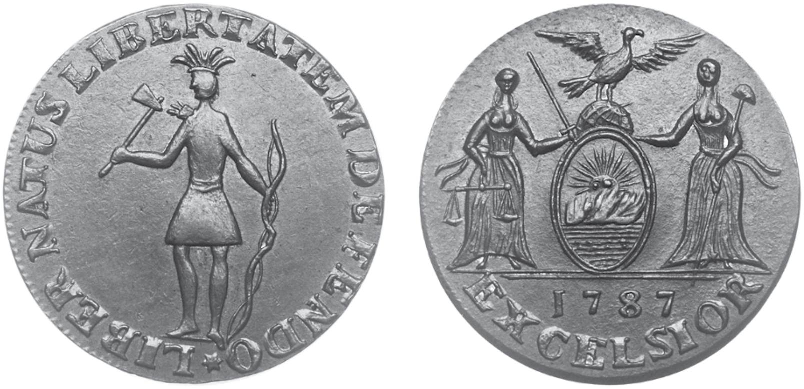


FIGURE 9-9: A later copy of the Arms of New York coin.

Virginia

In 1773, King George III of Britain authorized the coinage of copper halfpennies for Virginia. Known as *Virginia coppers,* these royal coins featured a bust of George on one side and his coat of arms on the other (see Figure 9-10). The coins were struck in England and then sent to Virginia for use by the colonists. Some numismatists consider these coins to be the only legitimate colonial coins because it was the first official coinage in Bristish North America authorized by the English Crown.

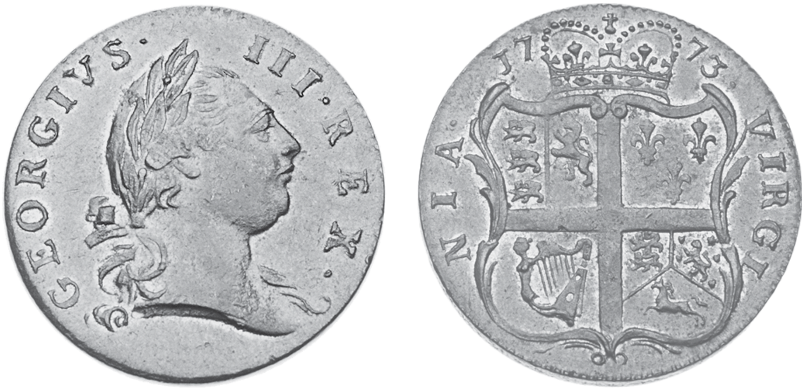


FIGURE 9-10: The 1773 Virginia copper.

Collecting Privately Issued Coins and Tokens

A pocketful of coins in early times may have included some interesting tokens made by enterprising people who sought (among other things) to promote their businesses, tinker with coinmaking, or get rid of copper from their mines.

Mott token

The Mott Company of New York produced a token dated 1789 that features a tall pendulum-driven clock on one side and an eagle on the other (see Figure 9-11). The Mott token had no stated value and was used to promote the watchmaking business in the same way that we use business cards today.

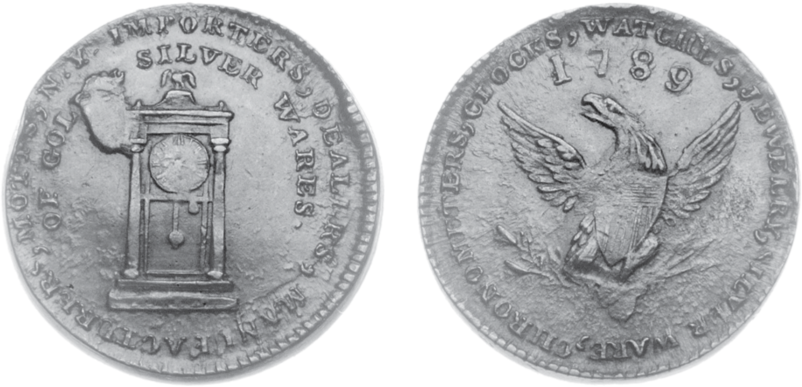


FIGURE 9-11: The 1789 Mott token.

Brasher doubloon

In 1787, Ephraim Brasher, a New York jeweler and goldsmith, created one of the rarest and most enduring of all colonial coins: the *Brasher doubloon.* Brasher's coin is significant because it's one of the only American colonial coins made of gold. The weight of Brasher's coin came very close to that of the Spanish gold doubloon — hence, the name. Brasher not only signed one of the dies used to strike his doubloons, but also punched each one with his hallmark *EB* stamp.

The last Brasher doubloons sold at auction were sold by Heritage Galleries in January 2014 and 2021; they brought in nearly $3 million each, making them (as of this writing) the fifth- and sixth-most-valuable coins. Brasher also stamped foreign gold coins struck in places like Brazil and England with his mark, letting New Yorkers know that the coins were of proper weight and finery.

Higley coppers

Dr. Sam Higley once owned a copper mine in Connecticut. Like any enterprising businessman, he sought out ways to convert his raw material to a valuable product, so in 1737, he started making coins with the value of threepence. The front of the coins bore an image of a deer; the back of the coin showed three crowned hammers. Later varieties dropped the stated value, relegating the Higley copper coins to token status, but all of them are extremely rare today.

WARNING

Because of their high value, many U.S. colonial coins, including the Higley copper, were copied in subsequent years. Some copies were crudely made and easy to tell from the originals; others were deceptive and may fool the unsuspecting collector. None of these coins should be purchased by a collector unless it has been certified.

Distinguishing Quasiofficial Colonial Coins

As the insurgent colonies struggled to come together as one body, several attempts were made at a national coinage — one that would be universally accepted. One of the big problems with coins in the fledgling country was the discrepancy in the value of the same monetary unit from colony to colony. Even as early as 1776, the year when the colonies declared their independence, the goal was to create coins that would not only be accepted everywhere, but also foster a new sense of nationalism and pride.

Continental dollars

When and where continental dollars were made is still a matter of debate. The word *Fugio* on the front of the coin is short for "time flies," a reference to the sundial. Continental dollars are known to exist in pewter, brass, and silver, and all of them are rare (see Figure 9-12).

Fugio cents

In 1787, Congress resurrected the idea of a national coinage, this time in a less ambitious, lowly copper coin (see Figure 9-13). Congress reached back and borrowed heavily from the designs on the Continental dollar. Congress contracted this job to James Jarvis, who embezzled much of the copper provided him by the government. Nevertheless, enough Fugio cents were made, and enough have survived, to make them an affordable colonial type. In 1856, a small keg containing thousands of Uncirculated examples was found at the Bank of New York. These coins account for most of the Choice Fugio cents collected today.

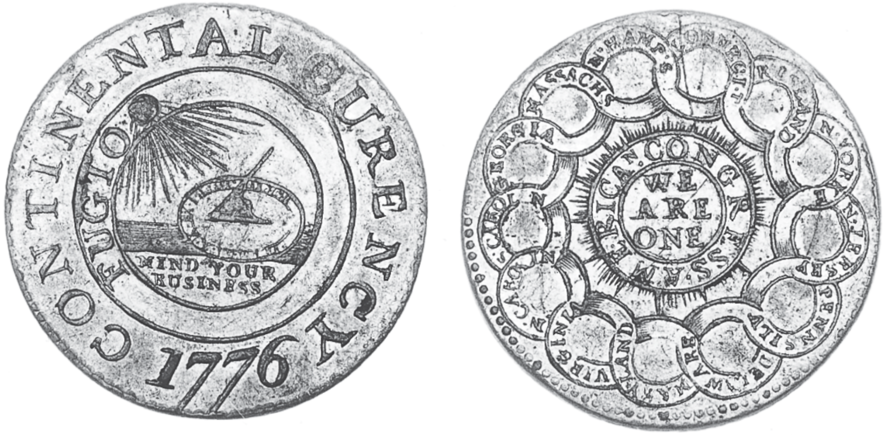

CONTINENTAL CURENCY
FUGIO
MIND YOUR BUSINESS
1776
AMERICAN CONGRESS
WE ARE ONE

FIGURE 9-12: The 1776 Continental dollar.

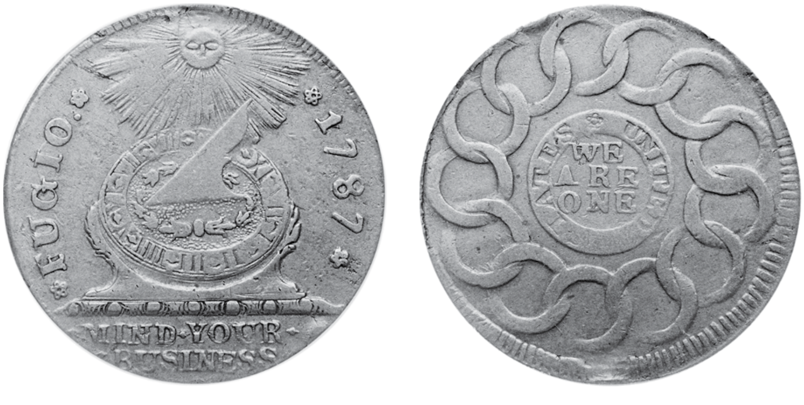

FUGIO
1787
MIND YOUR BUSINESS
UNITED STATES
WE ARE ONE

FIGURE 9-13: The 1787 Fugio cent.

Nova Constellatio coppers

In 1783, the Treaty of Paris ended the Revolutionary War, and the newly formed states were ready for their own coins, but many didn't have the facilities to make them; neither were facilities set up for a national coinage. So a man named Gouverneur Morris took some designs to Europe and had coins struck there. These coins are known as the *Nova Constellatio copper* coins or *Novas* (see Figure 9-14).

The front of the Novas show the letters *U.S.* inside a wreath, with the words *Libertas et Justitia* (Latin for "Liberty and Justice") around the outer edge. The back of the coin featured an all-seeing eye surrounded by rays, stars, and the words *Nova Constellatio* (meaning "New Constellation," which referred to the emerging U.S. nation).

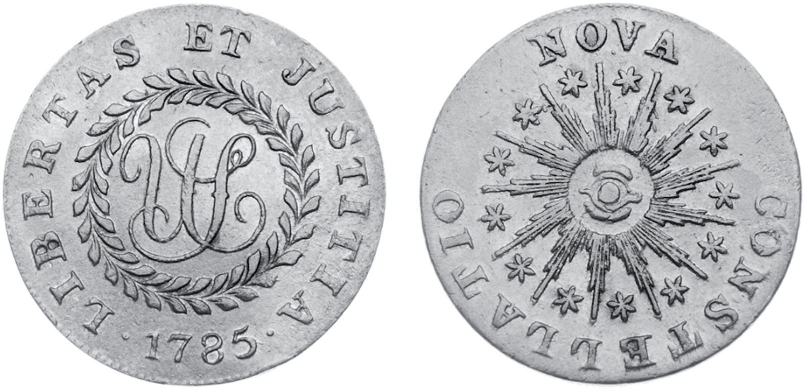


FIGURE 9-14: The 1785 Nova Constellatio copper.

Novas are important because of their intent. Despite the fact that they were made overseas, they actually represent one of the earliest attempts at a truly national U.S. coin.

Washingtoniana: America Goes Ape for Its First President

Wars make people famous, and the most famous person to come out of the Revolutionary War was George Washington. The man was a legend in his own time, worshipped by the nation that he helped free. The American people, who loved him dearly, were inspired to create all sorts of tokens, coins, and medals to commemorate their new hero and first president. Many of these pieces have become part of the colonial series; this section discusses some of the most popular ones.

Unity States cent

The Unity States cent got its name from the misspelling of *United* on the back of the coin (see Figure 9-15). The misspelling was probably deliberate, to keep the minters from getting in trouble for counterfeiting U.S. coins. Although dated 1783, this coin was probably made later, because the design on the back of the coin is nearly identical to the backs of large cents produced from 1796 to 1807. The obverse of the coin shows George Washington dressed as a Roman Emperor.

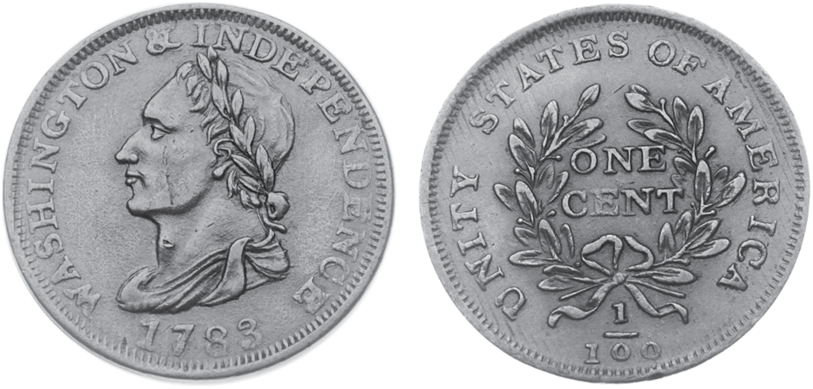

WASHINGTON & INDEPENDENCE
1783
UNITY STATES OF AMERICA
ONE CENT
1/100

FIGURE 9-15: The Unity States cent.

1791 Washington large eagle cent

When the United States began debating whether to open its own mint or hire someone else to make the coins, word got around quickly. In 1791, a British token-maker created a cent with the head of Washington on one side and a large eagle with a shield on its breast on the other (see Figure 9-16).

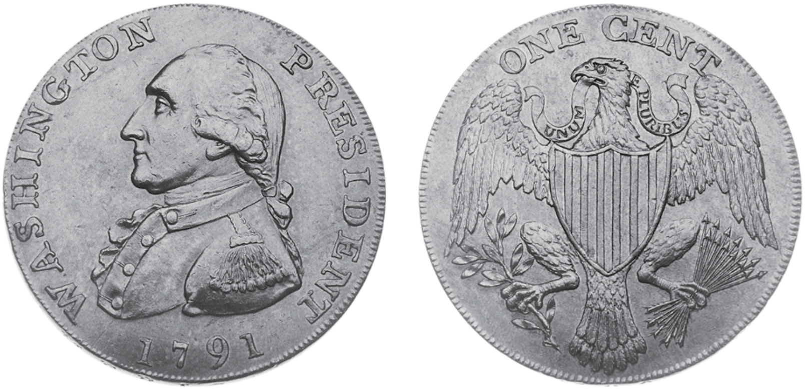

WASHINGTON PRESIDENT
1791
ONE CENT
UNUM
PLURIBUS

FIGURE 9-16: The 1791 Washington large eagle cent.

The tokenmaker sent a quantity of these coins to the United States, where they were reviewed by the decisionmakers, one of whom was George Washington. George pooh-poohed the coin for two reasons:

- He hated the idea of having his picture on a coin because he refused to be treated like a king.
- He thought that the United States should make its own coins.

1793 ship halfpenny

The British token manufacturer who made the 1791 Washington large eagle cent didn't cry too much after losing the contract to make coins for America; he simply struck more tokens and placed them in circulation. The 1793 ship halfpenny (see Figure 9-17) was one such piece. The front of the coin is exactly like that of the 1791 Washington large eagle cent except that it lacks a date. The back of the coin features a tall-masted sailing ship, a 1793 date, and a halfpenny value.

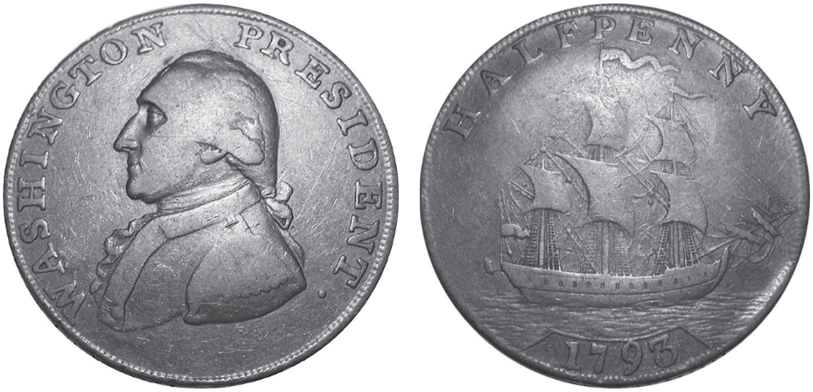

WASHINGTON PRESIDENT.
HALFPENNY
1793

FIGURE 9-17: The 1793 ship halfpenny.

1795 grate halfpenny

The 1795 grate halfpenny (see Figure 9-18) was another British token that worked its way into colonial collections because of the Washington connection. This coin got its name from the fireplace grate that appears on the back of the coin. The front of the coin bears the legend *Washington Firm Friend To Peace & Humanity.*

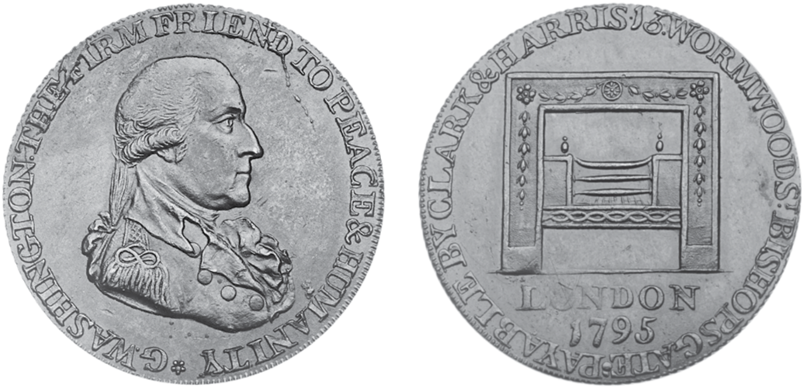

G.WASHINGTON.THE FIRM FRIEND TO PEACE & HUMANITY
PAYABLE BY CLARK & HARRIS 13. WORMWOODS! BISHOPSGATE
LONDON
1795

FIGURE 9-18: The 1795 grate halfpenny.

Liberty and Security penny

In 1795, another British token manufacturer made a series of halfpennies and pennies with the words *Liberty and Security* on the back. One of them was this penny — a large hunk of copper with Washington's head on the front (see Figure 9-19).

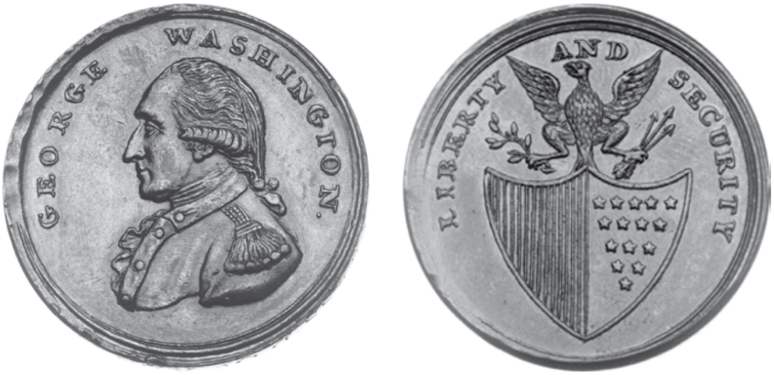

GEORGE WASHINGTON.
LIBERTY AND SECURITY

FIGURE 9-19: The Liberty and Security penny.

IN THIS CHAPTER

- Finding out about copper and nickel coins
- Collecting cents and nickels

Chapter 10

Copper and Nickel Coins: Made for the Masses

After our nation was formed, it acquired the sovereign right to make its own coins. That's exactly what the U.S. government started doing in 1793, after it created its first mint. So what were the first federal issue coins struck by the U.S. Mint? Were they dazzling pieces of gold or shiny silver dollars? Nope. The first coins struck in substantial numbers were half dimes and lowly hunks of copper: half cents and cents.

When the U.S. Mint started operations, the coins in circulation included money from other nations and various states. You could pay for a sack of flour with a mix of British coins, French coins, Spanish coins, copper pieces from New Jersey, or coins from Massachusetts, not to mention a bunch of counterfeit or underweight coins. Different merchants took coins in at different values. If you traveled from Vermont to Pennsylvania with a pocket full of Vermont coppers, you might have discovered that your Vermont money wasn't acceptable in Pennsylvania or that the storeowner would accept your money only at a discount. Can you imagine going into a store today and offering a $20 bill in payment, only to have the cashier say to you, "Sorry — we'll only accept this bill for $15!" But that's exactly what happened every day all through the new nation known as the United States of America.

Under this system, the public got confused, the merchants got angry, and government officials felt the heat. A new mint was established to produce a uniform coinage that was acceptable to everyone.

REMEMBER

Back in 1793, a skilled employee worked from sunrise to sunset six days a week for $1 a day or less. You read it right: $1 per day. So if you were wondering why the U.S. Mint made a coin with a value as low as a half cent, now you know that it was to pay the average worker in half cents and cents.

We call half cents and large cents the *people's coins* because they were never meant to be valued like the silver and gold coins. Their purpose in life was to get down and dirty with the people's business. Other people's coins include the small cent, the three-cent nickel, and five-cent pieces made of nickel. These coins greased the early U.S. economy and helped working people conduct their business in a fair, efficient manner. They were just what capitalism needed to thrive.

In this chapter, I introduce you to major types of copper and nickel U.S. coins. To help you make collecting decisions, I include the following information:

- Costs of completing different types of coins in various grades
- Rarities within each type
- Do's and don'ts to help maximize your collecting pleasure

Getting the Hang of Half Cents

Most noncollectors are surprised to learn that the United States once made a coin with a value of only one-half of one cent. Half cents represented significant value when they first appeared, however, and they helped the average person conduct day-to-day business. By 1857, a rise in the value of copper and increases in prices and wages contributed to making the half cent and large cent obsolete, so both coins were discontinued in that year.

Although half cents were minted from 1793 to 1857, the U.S. Mint had a lot of gaps between production. No half cents were made from 1812 to 1824 or from 1837 to 1839, for example. Half cents were made of pure copper and are roughly the size of a modern-day quarter dollar, but heavier (see Chapter 11).

Major types of U.S. half cents

Half cents appear in five major types, which I discuss in this section.

Liberty cap, head facing left (1793 only)

When Congress first considered designs for its new coins, congressmen choose a representation of liberty and freedom. But how do you display a concept like liberty or an idea like freedom? Mint officials chose to portray Liberty as a young female with flowing locks of hair (see Figure 10-1). She carried a cap on a pole — not just any ordinary cap, but the cap of a freedman. For the back of the coin, the designer created a simple wreath design. This type is rare in any condition.

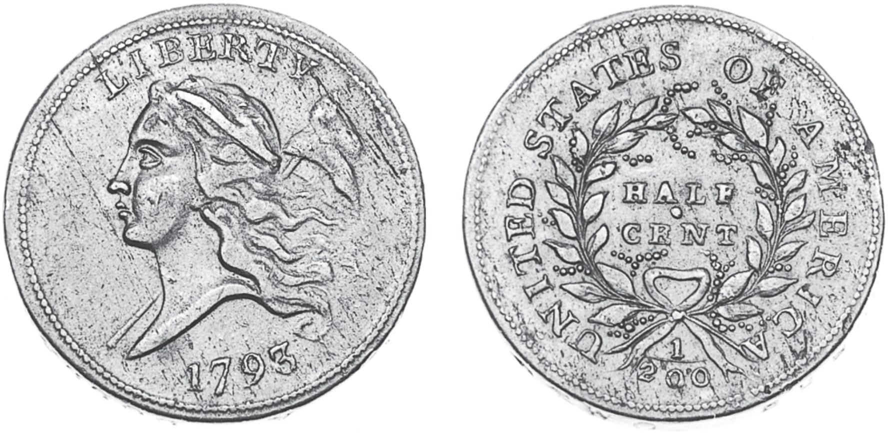


FIGURE 10-1: The 1793 half cent.

Liberty cap, head facing right (1794–97)

Liberty made a literal about-face beginning in 1794, when she began facing right instead of left (see Figure 10-2). In 1795, the weight of the half cent was reduced, so you find both heavy coins with lettered edges and lighter coins with plain edges in this year. The edges on later dates were supposed to be plain, but in 1797, you have a choice between edges that are plain or *gripped* (featuring weird, irregular markings on the outer rim). This type is scarce.

Draped Bust (1800–08)

In 1800, half cents finally picked up the Draped Bust design (see Figure 10-3), which had been in use on other coins since 1796. Liberty seems to have grown up into quite a sophisticated young lady, with a new hairdo and a beautiful new dress.

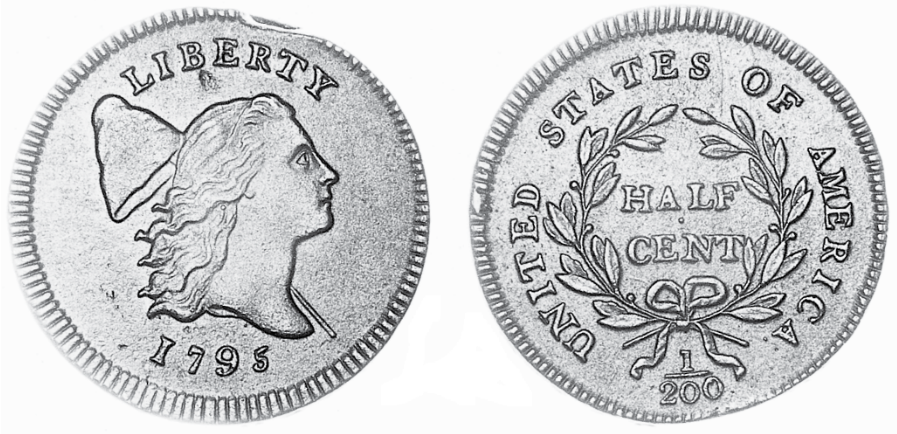

LIBERTY
1795
UNITED STATES OF AMERICA
HALF CENT
1
200

FIGURE 10-2: The 1794–97 half cent.

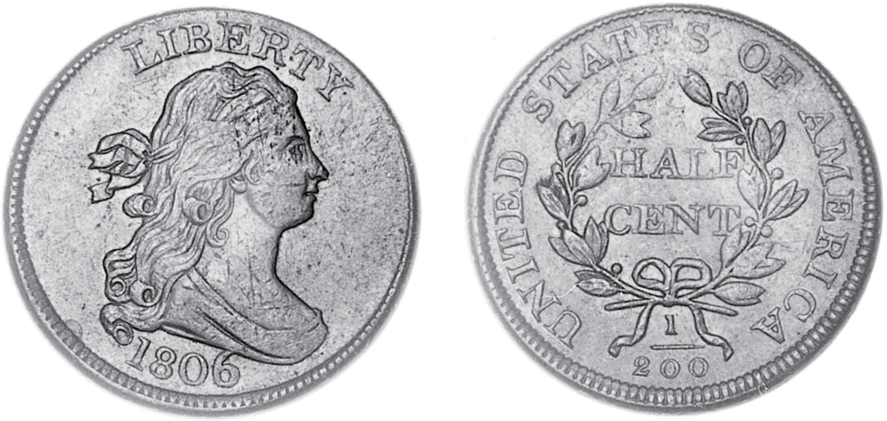

LIBERTY
1806
UNITED STATES OF AMERICA
HALF CENT
1
200

FIGURE 10-3: The Draped Bust half cent.

Capped Bust or classic head (1809–36)

On this design, Liberty seems to have grown up even more — into a stern-looking, middle-aged hausfrau (see Figure 10-4). One of the most interesting coins in this series is the 1811 restrike, made many years later outside the U.S. Mint by combining an old, scrapped obverse die from 1811 with a reverse die from 1802. No half cents were minted in 1837.

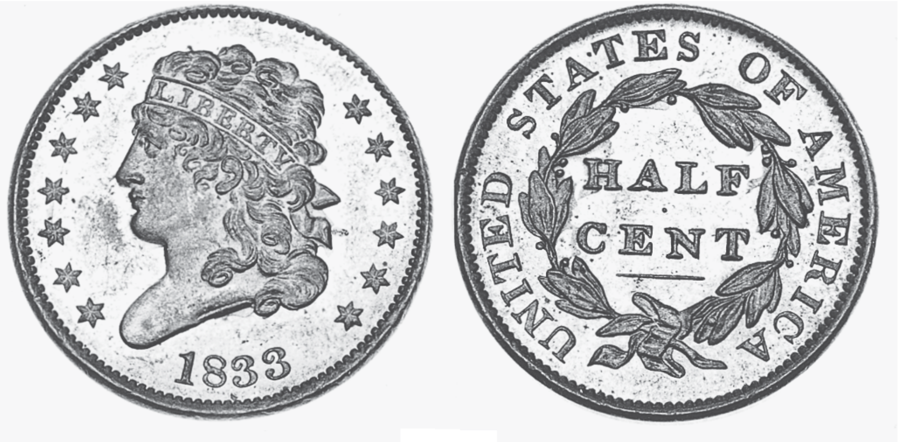

LIBERTY
1833
UNITED STATES OF AMERICA
HALF
CENT

FIGURE 10-4: The classic head half cent.

Braided Hair or coronet type (1840–57)

In 1840, Liberty regained a more youthful appearance; her hair was done up in braids, and she wore a coronet instead of a headband (see Figure 10-5). Unfortunately, the public didn't get to see this design until 1849. For the first nine years, coins bearing this design were struck only as *proofs* (special coins of exceptional quality that were made for sale to wealthy collectors and not made for general circulation) and were made available only to a handful of politically connected collectors who made a trip to the mint. The year 1857 saw the end of this design type and (sadly) the end of all half cents as well.

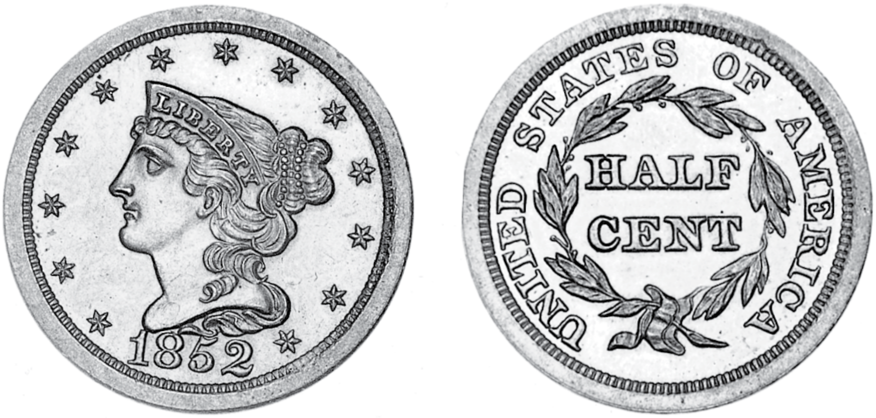

LIBERTY
1852
UNITED STATES OF AMERICA
HALF
CENT

FIGURE 10-5: The Braided Hair half cent.

Collecting U.S. half cents

Collecting U.S. half cents can present quite an enjoyable challenge, especially if you try to find them in high grades. For the most part, *mintages* (the number made of a particular coin) were low, and most examples spent a lot of time in circulation. Problem-free examples with smooth, glossy surfaces are highly prized by collectors. Here's what you can expect when collecting:

- **By type:** A set of the five major half-cent types listed in the previous section makes a nice display that's affordable and easy to complete. The only difficult coin to collect is the 1793.
  - *Difficulty rating:* Moderately difficult. You may find some half cent types at your local coin dealer, but your best bet for locating a 1793 half cent is at a major coin show, at an auction, or by mail order from the Internet.
  - *Cost estimate:* Moderately expensive. In Fine condition, expect to spend upward of $40,000 (not including the 1796 no pole varieties and the 1802/O) for a type set of U.S. half cents, with the 1793 accounting for most of the cost of the set. (A *type set* is a set of each of the different design types of a particular denomination.) Spend $1,500 more, and you can upgrade the later types to make the set even more attractive. (*Upgrading* is the act of improving the coin in your collection or acquiring a coin that's better than another example of the same type that's already in your collection.)
- **By date:** A collection of all the dates in which a particular coin was issued is known as a *date set.* A date set of half cents is a real challenge. You're talking serious money when you get to 1796 (either type), 1831, 1836, and the proof-only dates from 1840 to 1849 and 1852.
  - *Difficulty rating:* Very difficult. Be patient; it may be years before some of these dates appear on the market, especially in a grade you can afford!
  - *Cost estimate:* Very expensive. Figure on spending at least six figures to put together a date set of U.S. half cents. You may get by with less, but you won't be happy with the quality of the coins. On the other hand, you can spend much, much more to get nicer coins.
- **By die variety:** Some collectors seek to acquire a coin from every combination of dies used to strike half cents. (See Chapter 8 for a full explanation of die varieties.)
  - *Difficulty rating:* Almost impossible to impossible. Many varieties are common or slightly scarce, but others are extremely rare. Most of the rare varieties are already held by advanced collectors, so figure on making this type of collecting a lifetime project.
  - *Cost estimate:* Unbelievably expensive. I won't even venture a guess here except to say that the amount of money required to complete a variety set of half cents (if it could be done) would run into millions of dollars.

Living Large with Large Cents

Large cents live up to their name. They're heavy chunks of copper about the size of a modern half dollar. In their day, they contained a cent's worth of copper. Large cents first appeared in 1793, about the same time as the half cents, with which they share the distinction of being the first coins issued by the U.S. government for regular circulation. Large cents were minted every year from 1793 to 1857 except 1815. Only the $5 gold piece comes close to such a near-perfect record!

Major types of U.S. large cents

Large cents appear in seven major types, discussed in this section. Collectors also like to split them into three major areas of interest: Early Dates (1793–1814), Middle Dates (1816–39), and Late Dates (1840–57).

Flowing Hair, chain cent reverse (1793 only)

The first large cent design of 1793 features a wild-eyed Liberty with even wilder hair (see Figure 10-6). The back of the coin features a chain of connected links around the words *One Cent* and the fraction $\frac{1}{100}$. The chain was meant to suggest the unity of the States, but some nattering nabobs of negativity thought it looked more like the chains of slavery. Needless to say, the design didn't last long. This type is very rare.

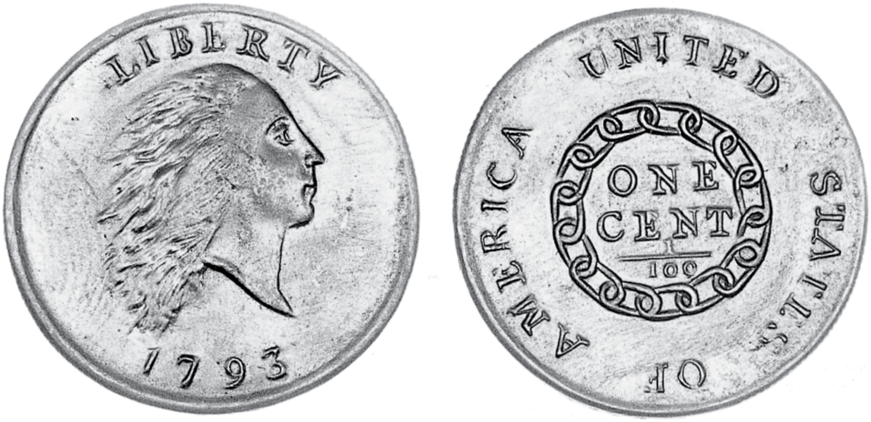


FIGURE 10-6: The 1793 chain cent.

Flowing Hair, wreath reverse (1793 only)

Later in 1793, the U.S. Mint replaced the chain on the back of the large cent with a wreath (see Figure 10-7). The other complaint — that about Liberty's wild hair — wasn't addressed, so this design was just as short-lived as the chain cent. This type is rare.

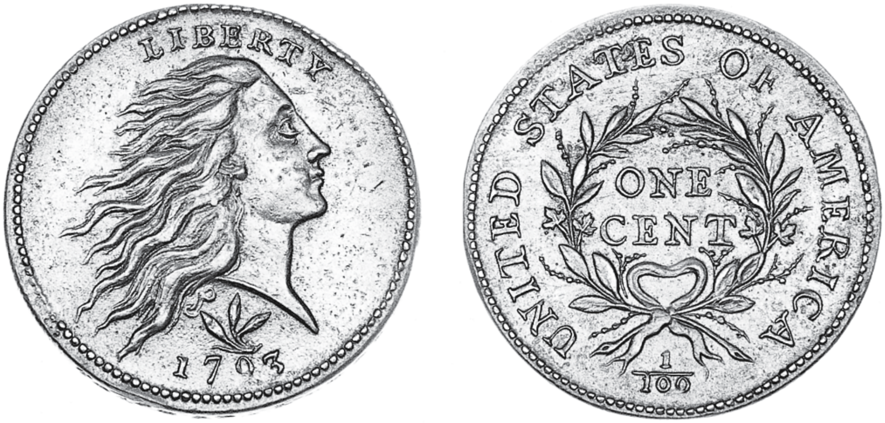

LIBERTY
1793
UNITED STATES OF AMERICA
ONE CENT
1/100

FIGURE 10-7: The 1793 wreath cent.

Liberty cap (1793–96)

At the end of 1793, U.S. Mint officials finally silenced the critics by adopting the Liberty cap design that was to be used over the next four years (see Figure 10-8). After all, freedom and liberty were two of the reasons why America fought the Revolutionary War. The Liberty cap design was a modification of the designs used on the half cents of 1793 (refer to Figure 10-1). As lovely as this design was, it appeared only on U.S. copper coins. On large cents, the design lasted until mid-1796.

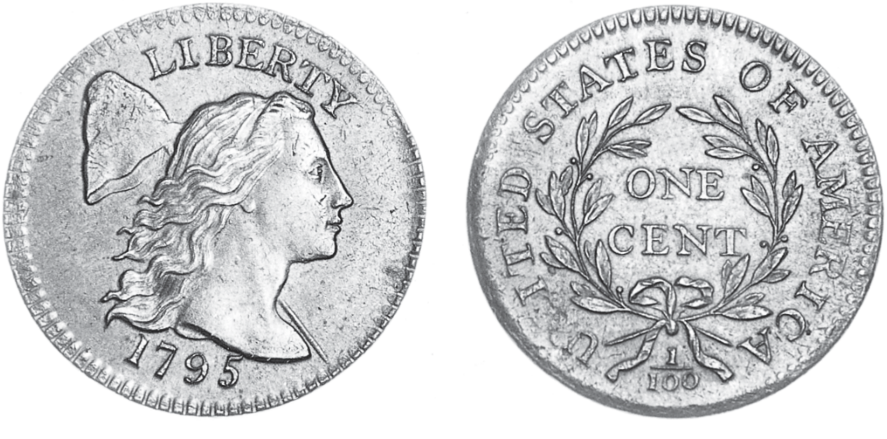

LIBERTY
1795
UNITED STATES OF AMERICA
ONE CENT
1/100

FIGURE 10-8: The Liberty cap large cent.

Draped Bust (1796–1807)

The Draped Bust design (see Figure 10-9) first appeared on U.S. silver dollars (see Chapter 11) in 1795. The design's use was expanded in 1796, when it was placed on the large cent, half dime, dime, quarter dollar, and half dollar. The Draped Bust design mirrored women's fashion tastes and hairstyles of the late 1790s and early 1800s.

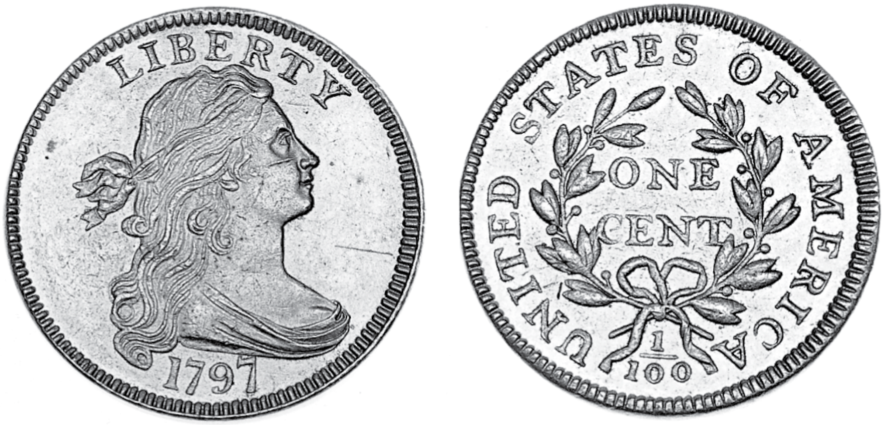

LIBERTY
1797
UNITED STATES OF AMERICA
ONE CENT
1/100

FIGURE 10-9: The Draped Bust large cent.

Capped Bust or Classic Head (1808–14)

The classic-head design portrays Liberty as a slightly older woman with hair held together by a headband that has the word *Liberty* on it (see Figure 10-10). Thirteen stars, representing the original colonies, appear on either side of her head. The back of the coin shows the familiar wreath design without the fraction $1/100$.

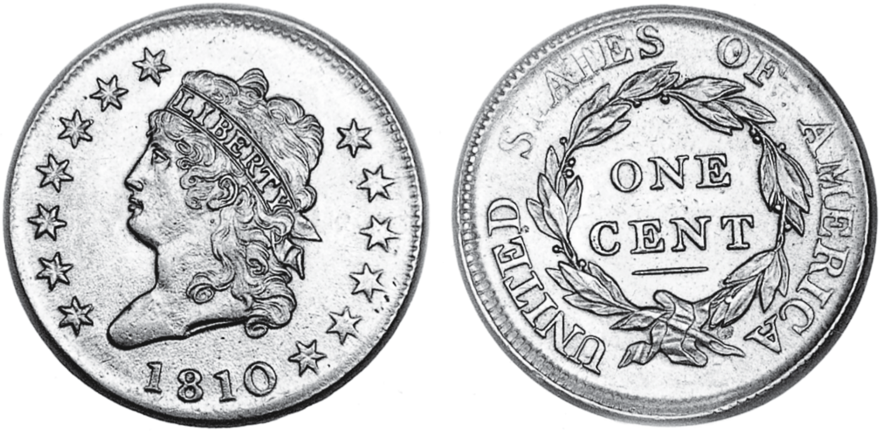

LIBERTY
1810
UNITED STATES OF AMERICA
ONE CENT

FIGURE 10-10: Classic-head large cent.

Matron head (1816–39)

In 1816, Liberty became even older-looking, her hair was tied up in a bun, and her headband became a coronet (see Figure 10-11). This coin is probably the least attractive presentation of Liberty in the entire large cent series (at least, I think so), but many collectors have fallen in love with this type. Popularly known as the *middle dates,* the large cents minted from 1816 to 1839 enjoy lots of attention from variety collectors.

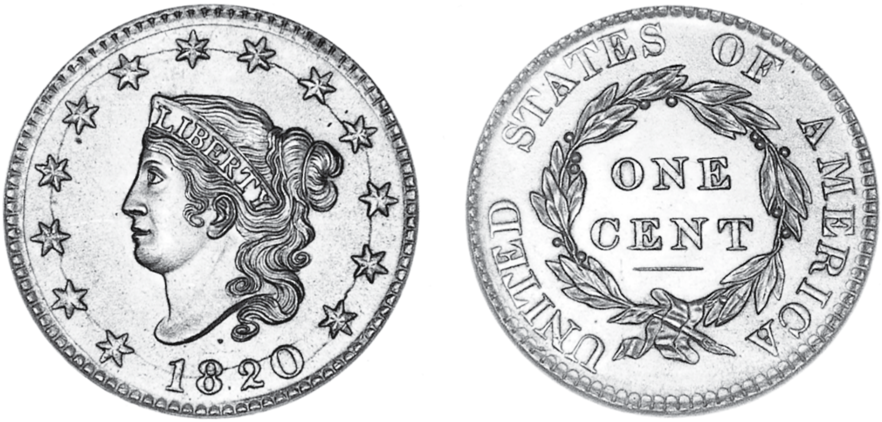


FIGURE 10-11: The matron-head large cent.

Braided Hair or coronet type (1839–57)

Had the trend in aging Liberty continued, the next Liberty would have been called the "Old Hag" type. But Christian Gobrecht created a more youthful Liberty, this time braiding her hair around her face and giving her a thinner neck (see Figure 10-12). Known as the *late dates,* the Braided Hair type is also popular with a variety of collectors and affordable in the circulated grades.

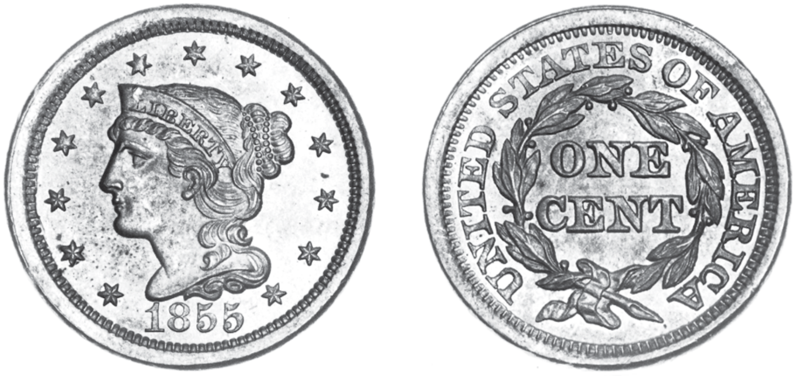


FIGURE 10-12: The Braided Hair large cent.

Collecting U.S. large cents

Large cent collecting has been an important part of U.S. numismatics for more than 150 years, and it remains so today. A tremendous amount of information has been published about this interesting series, making it easy for you to jump right in with confidence.

- **By type:**
  - *Difficulty rating:* Moderate. The 1793 chain cent is a *money coin;* that is, it's always available if you're willing to pay the price. The 1793 wreath cents are slightly less dear, but not by much. Nice coins of either type will cost a big six-figure number. All the remaining types are readily available in most grades, but only the matron-head and Braided Hair types can be called affordable in high grades.
  - *Cost estimate:* In Fine condition, a type set of large cents runs approximately $50,000, with the bulk of the money tied up in the chain and wreath types. In Very Fine condition, the cost jumps more than triple that price. Expect an even more dramatic increase if you attempt to collect a type set in Extremely Fine condition.
- **By date:**
  - *Difficulty rating:* Moderate. There are no stoppers in this series. Sure, the 1793 chain and wreath cents are expensive, and the 1799 and 1804 large cents are rare, but there are no super-rarities.
  - *Cost estimate:* For coins in Fine condition, expect an outlay of approximately seven figures.Because of the difficult dates, be ready for dramatic price jumps as you move up even a single grade. If you're not too concerned about consistent quality, settle for lower grades in the early dates and better grades in the later dates. Many of the Uncirculated dates in the 1840s and 1850s are real bargains.
- **By die variety:**
  - *Difficulty rating:* Nearly impossible to impossible. It's been done only 13 times in the past 100 years. The early dates (1793–1814) contain hundreds of varieties, some of which are unique or nearly so, and many of which are extremely rare. The middle dates (1816–39) allow for greater possibilities of completion, but be prepared to take out a second mortgage for some of the varieties. When you're collecting the late dates (1840–57), the real challenge is telling the darn things apart.
  - *Cost estimate:* The moon! If you said to me, "Here's a million bucks — go build me a variety set of large cents," I'd turn you down. That's how serious large cent varieties have become. Nevertheless, despite the costs and the obstacles to completion, thousands of collectors actively collect large cents by variety.

Seeking Out Small Cents

A strange thing happened in 1857. After more than 60 years of making the clunky large cents, U.S. Mint officials discovered that the general public was perfectly willing to accept a smaller coin as 1¢. I know that by 1857, the public accepted the change (pun intended) willingly and enthusiastically.

The first small cents were a mixture of copper and nickel that had a light color, earning them the nickname *white cents.* In 1864, the weight of the cent was reduced and the nickel was removed, a new standard that lasted for nearly 120 years. Beginning in 1982, cents were made of copper-plated zinc, as they still are today.

TECHNICAL STUFF

I must mention the cents of 1943. The United States needed copper for the World War II war effort, so in 1943 the mint used zinc-plated steel as a substitute. The 1943 *steelies* have a white color that's completely unlike that of any copper cent. Even today, coin dealers receive frequent phone calls about these unusual coins, usually from collectors who think that they've discovered a great treasure.

Also known incorrectly as *pennies* (which are English coins), small cents are often a collector's first experience with coin collecting. In low grades, they're so affordable that even a child can put together a nice collection on a tiny budget.

Major types of U.S. small cents

Small cents appear in four major types, discussed in this section.

Flying Eagle (1856–58)

The first small cent appeared in 1856, with a design completely unlike that of any of the large cents that came before. The front of the new small cent (see Figure 10-13) showed an American eagle flying to the left. This design was copied from the back of the Gobrecht dollars created between 1836 and 1839 (see Chapter 11). The back of the coin showed a wreath made up of some interesting stuff that looks like corn and cotton. As beautiful as it is, this design lasted only three years.

Indian head (1859–1909)

The first Indian-head cents appeared in 1859 (see Figure 10-14). One problem, though — that's not a Native American on the front of the coin. James Longacre, the fellow who designed the coin, stuck a Native American headdress on his daughter's head and then used her as a model. The design lasted for exactly 50 years and is one of the most popular series in U.S. numismatics.

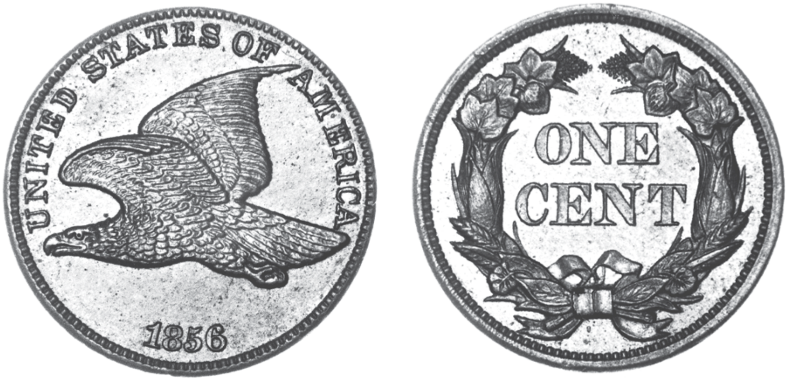


FIGURE 10-13: The Flying Eagle cent.

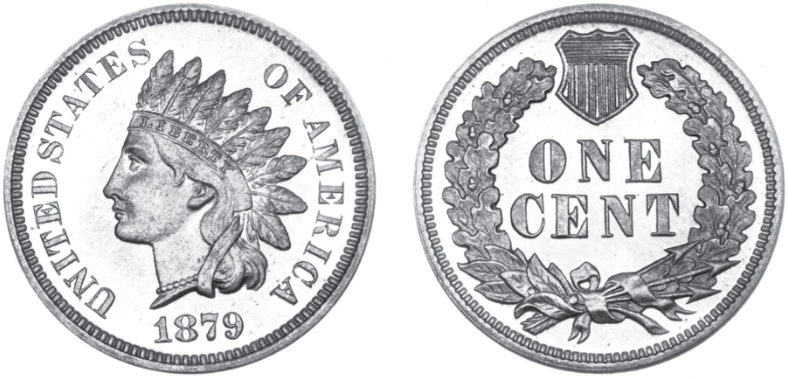


FIGURE 10-14: The Indian-head cent.

Lincoln type, wheat ears reverse (1909–58)

1909 was the 100th anniversary of the birth of Abraham Lincoln. What better way to honor this martyred president than to place his image on the most widely used coin in the United States (see Figure 10-15)? The Lincoln cent marked the first appearance of a real person on a U.S. coin made for circulation, and this design will soon be 114 years old. (No other U.S. coin design has lasted this long.) Note that from 1909 to 1958, the back of the coin had a simple design consisting of two wheat ears on either side.

Lincoln type, Memorial reverse (1959–present)

In 1959, the back of the Lincoln-head cent was changed to show the Lincoln Memorial (see Figure 10-16), and the obverse was modified as well. If you look closely at the back of the coin, you can see Lincoln's statue inside the Memorial.

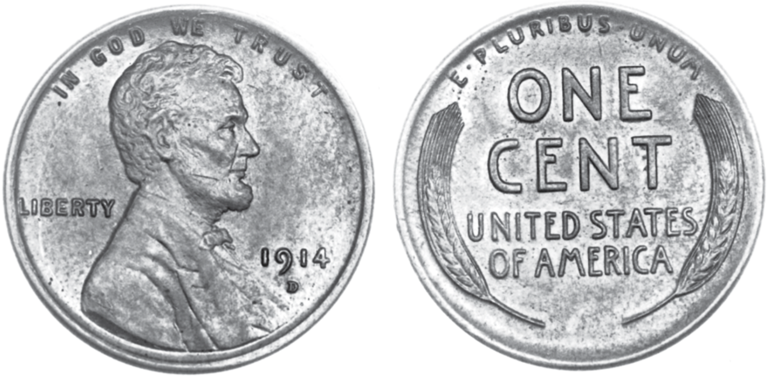


FIGURE 10-15: The Lincoln cent.

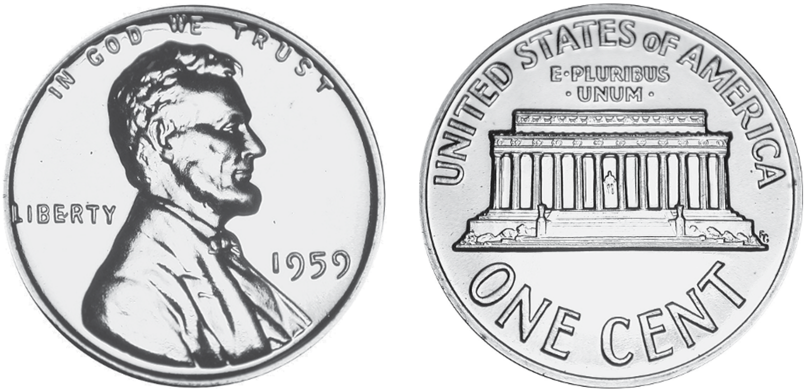


FIGURE 10-16: The Lincoln Memorial cent.

Collecting U.S. small cents

Most new collectors get their introduction to numismatics by building a collection of small cents, particularly those of the Lincoln type made beginning in 1909. Most small cents are affordable; they're easy to find; and you'll meet plenty of other collectors who are eager to buy, sell, or trade with you and share their collecting stories.

- **By type:**
  - *Difficulty rating:* Easy. You can find all four major design types of the small cent in any coin shop or at any show.
  - *Cost estimate:* In Fine condition, a type set of small cents costs only $75. You can put together a nice set of Uncirculated examples of each type for around $1,500.

- **By date and mintmark:**
  - *Difficulty rating:* Moderate. Rare dates include the 1856, 1858/7, 1864 with L, 1869/9, 1877, 1888/7, 1894/94, 1909-S, 1909-S VBD, 1914-D, and 1931-S. Even so, just about every date is available on the market at any given moment. No date is outrageously expensive. Be careful not to get sidetracked, however: Costs can go up dramatically if you decide to go after some of the major die varieties and *overdates* (coins that shows two dates, usually one on top of another, the second being a correction of the first) in these series.
  - *Cost estimate:* In Fine condition, a date set of Flying Eagle cents costs around $12,000, but you can whittle down the cost by excluding the 1856 and the 1858/7 overdate. Under the same terms, an Uncirculated date set runs around $12,000. A fine set of Indian-head cents costs roughly $3,500; an Uncirculated set requires an outlay of at least $20,000. A fine set of Lincoln cents (1909–59) costs approximately $500 (and that's figuring in the later dates that come only in proof condition). In Uncirculated condition, a complete date set of Lincoln cents runs at least $10,000 ***Note:*** Major die varieties and overdates can add a lot to each of these sets.
- **By die variety:**
  - *Difficulty rating:* Very difficult. There are many die varieties in the small cent series — some that are obvious to the naked eye and others that are more subtle but equally interesting. New die varieties are being discovered every year, and though some are extremely rare and popular, they aren't necessarily expensive. Other varieties — such as the 1873 Indian-head cent with doubled *Liberty* on the Indian's headband, the 1909-S Lincoln cent with the designer's initials on the back, and the 1955 doubled-die Lincoln cent — have been around for so many years that they've become integral parts of the date and mintmark sets, but it's up to you to decide what to include in your collection. (A *date and mintmark set* is a collection of coins that includes one from each date and each of the different mints around the country that produced the coin.)
  - *Cost estimate:* Inexpensive to expensive, depending on how involved you get in this area. Many die varieties cost less than $5; others can run to thousands of dollars.

Taking on Two-Cent Pieces

The law that changed the weight and metal composition of the small cent in 1864 also created a two-cent piece (see Figure 10-17), an odd denomination that really never caught on and that ended less than ten years later. The two-cent piece has the distinction of being the first U.S. coin to bear the inscription *In God We Trust.* The front of the coin features a Union shield, a popular patriotic image during the Civil War. The caption that usually accompanied the Union shield (but did not appear on the coins) was *The Union — It Must and Shall Be Preserved.*

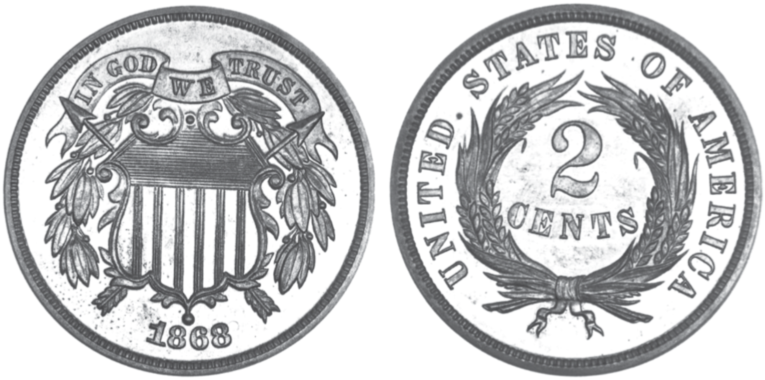


FIGURE 10-17: The two-cent piece.

Brandon Grossardt / Wikimedia Commons / CC BY-SA 3.0

A collection of two-cent pieces makes a great conversation piece, especially when you show it to noncollectors, most of whom haven't the faintest clue that the United States made such a "funny" denomination. The fact that you have several of these coins, of course, will make you seem really cool.

- **By type:**
  - *Difficulty rating:* Extremely easy. Two-cent pieces were minted with only one design type.
  - *Cost estimate:* Inexpensive. A fine two-cent piece costs around $30; Uncirculated examples sell for less than $200.
- **By date:**
  - *Difficulty rating:* Easy. Every date in this series is available and affordable. The 1872 can be tough to find, and you may have to hunt for the 1873 (which was struck only in proof).

- *Cost estimate:* Moderately expensive. In Fine condition, a complete set of two-cent pieces costs approximately $2500; although I've never seen or heard of a Fine 1873. (Just buy a proof.) A nice set of Uncirculated and proof two-cent pieces can cost upward of $5,000. Expect to pay a big premium for coins that have a lot of their original red color.

» **By die variety:**

  - *Difficulty rating:* Easy to moderately difficult. In 1864, *In God We Trust* appeared in two versions: one small and the other slightly larger. The small-motto version is extremely popular and is a must-have variety. On the 1873 two-cent pieces, the *3* is either *open* and looks like a normal *3* or *closed* and looks more like an *8* at first glance. As in other series, minor varieties can add a nice diversion.
  - *Cost estimate:* Expect to spend $350 for a Fine 1864 small-motto coin and $1,100 to $1,500 for the extra 1873 variety.

Rounding Up the Three-Cent Nickel

In 1865, a new three-cent piece made of copper and nickel burst onto the scene. The coins are 75 percent copper and 25 percent nickel, but they're called *three-cent nickels* because they look more like nickel than copper. The United States had been making a three-cent pieces out of silver since 1851 (see Chapter 11). The problem with the old three-cent piece was that the coin was so tiny, it was easy to lose. Even back then, three cents' worth of silver was a small amount. Coins of copper and nickel, however, could be made larger and for less money. Three-cent nickels (see Figure 10-18) were made from 1865 to 1889.

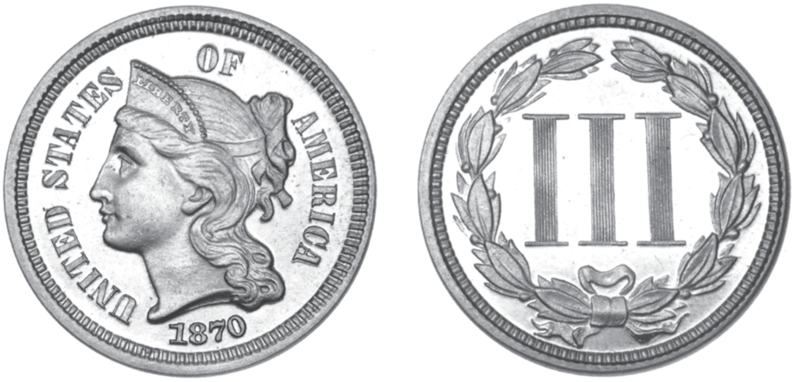


FIGURE 10-18: The three-cent nickel.

National Museum of American History / Wikimedia Commons / Public domain

Three-cent nickels come in only one type, they were made over a period of slightly more than 20 years, and all the dates are within the means of most collectors. Add the curiosity factor of the odd denomination, and you have a winning collection.

- **By type:**
  - *Difficulty rating:* Extremely easy. Three-cent nickels were minted with only one design type.
  - *Cost estimate:* Inexpensive. Figure on spending from $20 for a Fine example up to $125 for a nice Uncirculated piece.
- **By date:**
  - *Difficulty rating:* Easy. There are no super-rarities in the series; the only challenge comes from the proof-only 1877, 1878, and 1886.
  - *Cost estimate:* A complete set of three-cent nickels in Very Fine condition runs approximately $3,800, whereas a set in Uncirculated and proof condition starts at $20,000 and goes up from there.
- **By die variety:**
  - *Difficulty rating:* Easy to difficult. This series has only three major die varieties. Like the 1873 two-cent piece, the 1873 three-cent nickel comes with the number *3* open and closed. The 1887 coin boasts an overdate, where traces of a *6* can be seen underneath the *7* of the date. Researchers have uncovered lots of minor die varieties, but you'll need to have your eyes checked before you get into this area of minute differences.
  - *Cost estimate:* Inexpensive to moderately expensive. The 1873 die varieties are common and inexpensive, but the 1887/6 die variety runs $350 to $1,000, depending on condition.

Firing Up for the Five Cents (or Nickels)

The United States started making half dimes (worth 5¢ each) in 1792, but they were small coins made of silver, just like the first three-cent pieces. The silver hoarding caused by the Civil War, however, forced the government to come up with an alternative. That's where nickel came in — the metal, that is. Nickel is much harder than silver, which means that it's more difficult than silver to strike into coins, but it's also cheaper, lasts longer, and wears better. In 1866, the first five-cent pieces struck in copper and nickel (75 percent and 25 percent, respectively) appeared on the market. They were larger and thicker than the silver half dimes. Even though the government intended to replace the half dime with the new nickels, it went back and forth between the two. In 1871, for example, more than 2 million silver half dimes were struck, yet only 561,000 nickels were made for circulation. Finally, 1873 saw the end of the half dime, and the nickel has reigned supreme ever since.

Major types of U.S. five-cent pieces

Nickels appear in four major types, discussed in this section.

Shield nickel (1866–83)

The shield nickel (see Figure 10-19) first appeared in 1866, following the end of the Civil War. The front of the coin copied the design of a shield from the two-cent piece, and the reverse showed a large 5 within a circle of stars, with rays of light between the stars. (Later, the rays were dropped from the design.) This design type lasted until 1883, at which time the government felt secure enough to resurrect the head of Liberty.

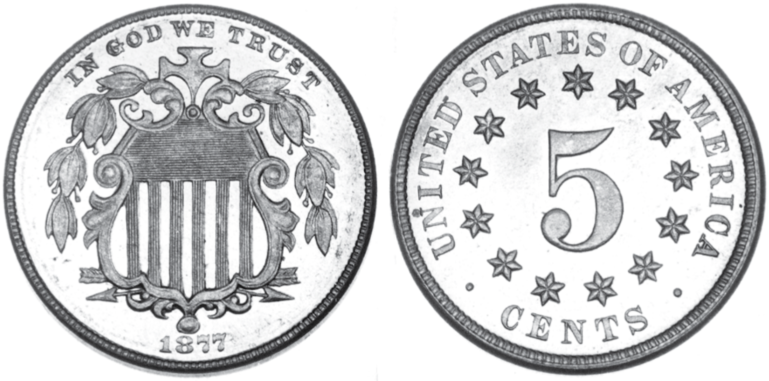


FIGURE 10-19: The shield nickel.

Liberty-head or V nickel (1883–1913)

In 1883, Liberty reappeared on the five-cent coins, this time as a head instead of a lady sitting on a rock. (Compare with the half dimes in Chapter 11.) The back of the coin featured a large *V* (see Figure 10-20), the Roman numeral for five. Through an oversight, the word *Cents* was left off the coin, creating an opportunity for con men to gold-plate the coins and pass them off to immigrants as $5 gold pieces! Needless to say, this problem was fixed immediately, creating two major varieties for 1883. In 1913, the last year that V nickels were made, only five examples were struck, creating one of the greatest rarities in the entire U.S. coin series.

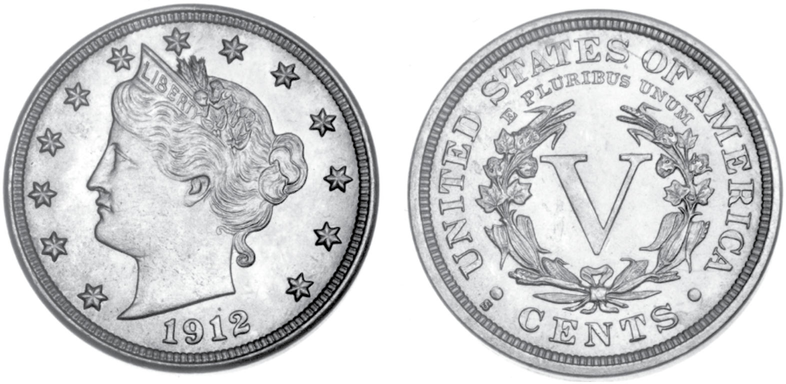

LIBERTY
1912
UNITED STATES OF AMERICA
E PLURIBUS UNUM
V
CENTS

FIGURE 10-20: The Liberty-head nickel.

Indian-head or buffalo nickel (1913–38)

As part of a major redesign of U.S. coins, the nickel got a makeover in 1913, when Liberty was replaced with the head of a Native American chief and the large *V* was replaced with an American bison (see Figure 10-21). This new design proved to be extremely popular and lasted until 1938. Lots of collectors favor this purely American design.

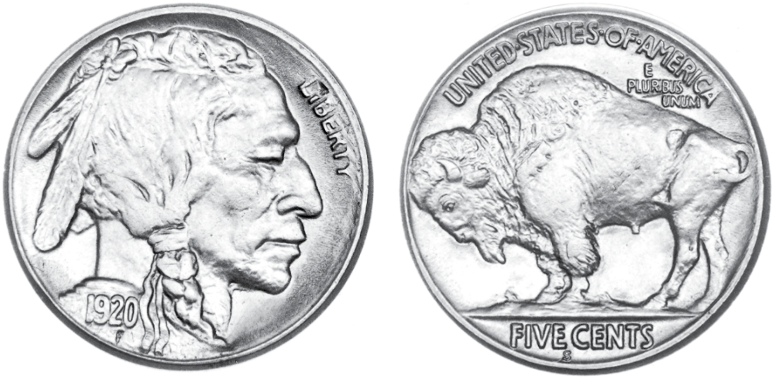

LIBERTY
1920
F
UNITED STATES OF AMERICA
E PLURIBUS UNUM
FIVE CENTS
S

FIGURE 10-21: The Indian-head nickel.

Jefferson-head nickel (1938–present)

The nickel went presidential in 1938, when Thomas Jefferson's image was placed on the front of the five-cent piece (see Figure 10-22), and his home, Monticello, was added to the back.

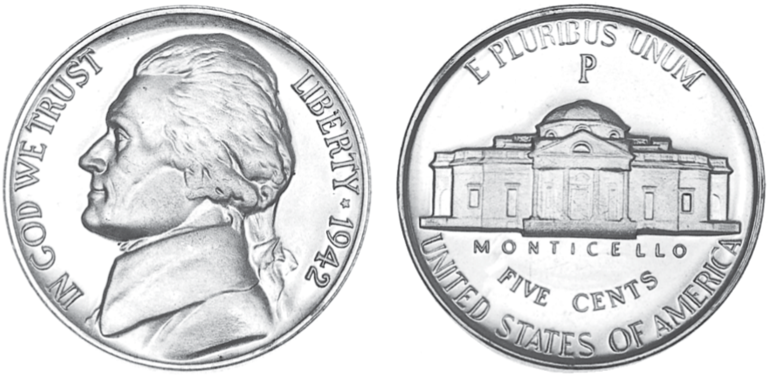


FIGURE 10-22: The Jefferson-head nickel.

TECHNICAL STUFF

Clearly, the trend at the time was toward adding famous historical figures to coins. In 1909, Lincoln appeared on the cent, and in 1932, Washington made it onto the quarter dollar. The trend continued in 1946, when Franklin Roosevelt showed up on the dime, and in 1948, when Benjamin Franklin appeared on the half dollar. So it was no surprise when Jefferson appeared on the nickel, where he and his house remain today.

Collecting U.S. five-cent pieces

Nickels were made in four major types beginning in 1866. Collectors gravitate to this series because there are so many affordable dates and because of the draw of the purely American design on the Indian-head/buffalo type. You can obtain many of the coins you need for your collection from circulation, which is a fun and easy way to start. When you're ready to get serious about this series, consider the following ways of collecting:

- **By type:**
  - *Difficulty rating:* Easy. Finding all four types of the five-cent pieces is a breeze.
  - *Cost estimate:* Inexpensive. In Fine condition, a set of nickel types runs less than $50. In Uncirculated condition, a nice type set of nickels runs less than $300.
- **By date:**
  - *Difficulty rating:* Impossible. The 1913 Liberty nickel set a price record of more than $5 million in 2007. If you stay within each type or disregard the 1913 nickel, however, the difficulty rating drops to easy. The only scarce shield nickels, for example, are the dates from 1877 to 1881; the only tough V nickels are the 1885 and 1912-S; and there are no rare dates in the buffalo or Jefferson-head nickel types except for a few overdates.

    - *Cost estimate:* A complete date set of shield nickels in Fine condition costs approximately $4,250; for those in Uncirculated condition, expect to pay $18,000 and up. If you exclude the 1913, as you must, a complete date and mintmark set of V nickels in Fine condition will cost roughly $2,000; in Uncirculated condition, the potential cost jumps to at least $8,000. For $2,500, you can complete a date and mintmark set of buffalo nickels (less the overdates and the three-legged error of 1937) in Fine; in Uncirculated condition, expect to spend $25,000 for a choice set. (I told you that these coins are popular!) Because they're so inexpensive, I recommend collecting Jefferson-head nickels only in Uncirculated and/or proof condition. A complete set of all dates and mintmarks should run approximately $500.

- **By die variety:**
    - *Difficulty rating:* Moderately difficult to extremely difficult, depending on how far you go. Several design variations exist to tempt you, and some are considered to be must-have varieties. The 1867 nickel comes with and without rays on the back, the 1883 nickel comes with the word *Cents* and without the word *Cents* on the reverse, and the 1913 buffalo nickel comes with the words *Five Cents* either on a mound (Type I) or in a recessed area (Type II). If overdates thrill you, choose among the 1879/8 or 1883/2, the 1914/3, the 1916/16, the 1918/7 from the Denver Mint, and the 1943/2. One of the most unusual varieties is the 1937-D three-legged buffalo nickel, an error created when some of the details were accidentally ground off the die used to strike the coins while it was being polished!
    - *Cost estimate:* Moderately expensive to mega-expensive. Common varieties run $20 or less; others can run to tens of thousands of dollars.

IN THIS CHAPTER

- Looking at U.S. silver coins
- Deciding which silver coins to collect

Chapter 11

Silver Coins: Keeping Commerce Alive

Before the United States opened its first mint, the country's forefathers knew that they needed three types of coins: coins for use by the public in everyday transactions; coins for bigger, merchant-to-merchant transactions; and coins for very big bank-to-bank and country-to-country deals. Copper coins (see Chapter 10) took care of the low end; gold coins (see Chapter 12) took care of the high end; and silver coins were perfect for the middle-of-the-road transactions.

From 1792 to 1964, the United States issued a variety of denominations of silver coins, ranging from the tiny three-cent silver piece to the large, impressive silver dollar. Naturally, all the silver coins were meant to be used in the United States, but the trade dollar was actually designed and created to be shipped overseas to compete against similar silver coins from around the world and to promote the nation's interests wherever it was used.

The year 1964 saw the end of the production of circulating silver coins in the United States (except half dollars). They were replaced by a *clad* coinage consisting of a layer of copper sandwiched between two layers of a copper-and-nickel alloy. I miss the huge silver dollars I could get at the bank for $1 each in rolls of 20. That was real money!

Thrilling Yourself with Three-Cent Silvers

In 1851, a tiny silver coin was introduced with a value of three cents. Why such an odd denomination? In 1851, it cost three cents to mail a letter through the U.S. post office. To pay for such a letter, you had several possibilities, all cumbersome: You could pay with six half cents, three large cents, a half dime (from which you would receive four half cents or two large cents in change), a dime (from which you would receive a handful of coins in change), and so on. A three-cent coin made it easy for the public to purchase postage stamps and reduced the need for other coins for change.

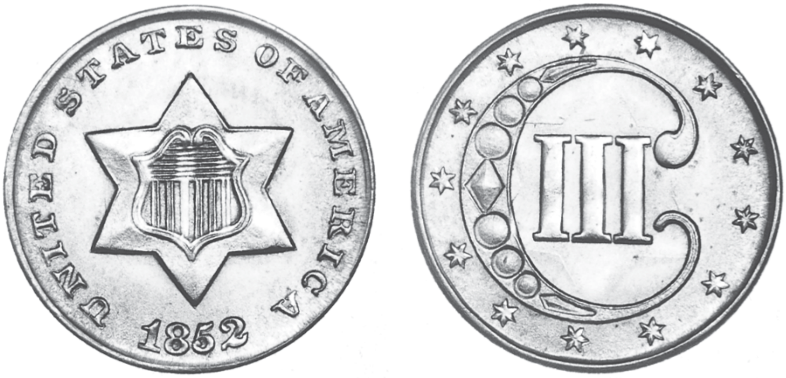
The new three-cent pieces were made of silver, but in a lower purity than other coins. It doesn't take much silver to make three cents, so the coins were very small. At some point, they became known as *fishscales* because of their white appearance, thin metal, and tiny size. Later, they were called *trimes* by U.S. Mint officials. Eventually, they were replaced by a copper-and-nickel version of the three-cent piece, and they gasped their last breath in 1873.

Major types of U.S. three-cent silvers

Three-cent silvers appeared in only one major design type (see Figure 11-1), but two minor changes in the design resulted in three subtypes:

- The first subtype has a plain star on the front of the coin and is known as the *Type 1* design, with no olive sprig on the reverse.
- In 1854, two outlines were added to the star, creating what is known as the *Type 2* design, with an olive sprig on the reverse.
- In 1859, one of the extra outlines was removed, resulting in the *Type 3* design, with an olive sprig on the reverse.

FIGURE 11-1: A three-cent silver.



Heritage Auctions / Wikimedia Commons / Public domain

Collecting U.S. three-cent silvers

A collection of three-cent silvers is a real conversation piece, considering that most Americans have never seen a single example. Many of the dates in the 1860s and 1870s are downright scarce, but you should be able to complete this series with a little effort and at an affordable cost.

- **By type:**
  - *Difficulty rating:* Easy, whether you collect one type or all three subtypes.
  - *Cost estimate:* If you want only one type, figure on spending $50 for a Fine example or $200 for an Uncirculated piece. All three subtypes run $70 in Fine condition and approximately $250 to $650 in Uncirculated condition.
- **By date/mintmark:**
  - *Difficulty rating:* Moderately difficult. The one truly rare date in the series is the 1873, which was minted only in proof condition. (*Proofs* are special coins of exceptional quality that are made for sale to collectors, not for general circulation.) Even so, most of the dates from 1863 on had very low mintages, so finding them may present a bit of a challenge. (The *mintage* is the number made of any particular coin.)
  - *Cost estimate:* A complete date and mintmark set of three-cent silvers in Fine condition costs approximately $7000. A date set in Uncirculated condition runs roughly $20,000 and up. (A *date and mintmark set* is a collection of coins that includes one from each date and each of the mints around the country that produced the coin. A *date set* is a collection of all the dates when a particular coin was issued.)
- **By *die variety* (a unique combination of obverse and reverse dies):**
  - *Difficulty rating:* Moderately difficult. The four major die varieties include an 1862/1 *overdate* (a coin that shows two dates, usually one on top of another, the second being a correction of the first), an 1863/2 overdate, an 1873 open 3 (which looks like a *3*), and an 1873 closed 3 (which looks like an *8*). The 1862/1 is fairly common; the 1863/2 and both 1873s are scarce and available only in proof versions.
  - *Cost estimate:* The 1862/1 is inexpensive and affordable even in Uncirculated condition. The 1863/2 runs about $4,000 — if you can find one. The 1873s are *money coins* — easy to find but roughly $2,000 each.

Hunting Down Half Dimes

In 1794, the U.S. Mint began striking silver coins for circulation in substantial quantities, focusing on what must have been thought to be the three most important denominations: half dimes, half dollars, and silver dollars. (Dimes and quarters didn't appear until 1796.) Half dollars and silver dollars were big bucks in 1794, but half dimes were perfect for day-to-day transactions. Even today, a five-cent coin is considered to be an important part of the U.S. money system.

Half dimes were discontinued in 1873, long after they'd already started to be replaced (in 1866) by the new copper-and-nickel five-cent pieces.

Major types of U.S. half dimes

Half dimes appear in four major types which I discuss in this section.

Flowing Hair (1794–95)

Like the first large cents of 1793 (see Chapter 10), the first half dimes were mocked because of Liberty's wild hair and, in the case of the half dime, the scrawny eagle on the back of the coin (see Figure 11-2). This design type was discontinued after only two years.

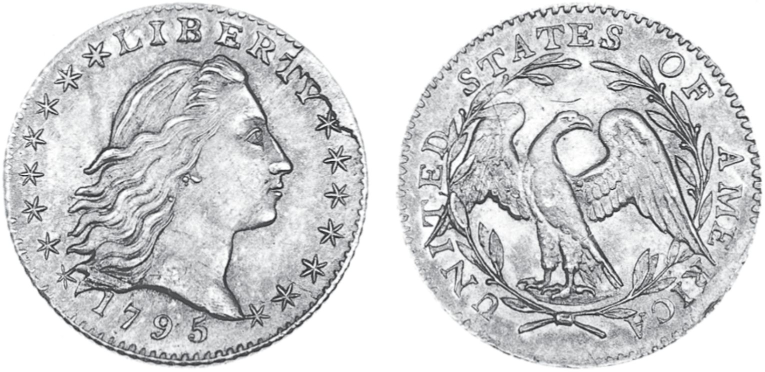


FIGURE 11-2: The Flowing Hair half dime.

Draped Bust (1796–1805)

The year 1796 saw a wholesale revision of U.S. coins with the Draped Bust design (see Figure 11-3), which first appeared on silver dollars in 1795. The half dime features the smallest version of this design type, but it's just as beautiful on this coin as it is on the larger ones. In 1800, the still-scrawny eagle on the back of the coin was replaced by a larger eagle with outspread wings and a shield on its chest. This eagle-and-shield back was adapted from the Great Seal of the United States. The Draped Bust design lasted less than ten years on the half dime, but it includes the elusive 1802, a classic U.S. rarity that sells for a minimum $100,000.

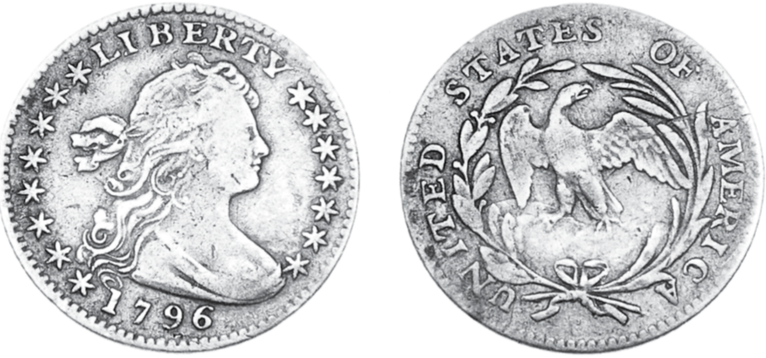


FIGURE 11-3: The Draped Bust half dime.

Lost Dutchman Rare Coins / Wikimedia Commons / Public domain

Capped Bust (1829–37)

No half dimes were minted between 1805 and 1829, which represents a long time in coin years. When the half dime reappeared in 1829, it featured the Capped Bust design, which had already been in use on other coins since 1807 (see Figure 11-4). This series is a great one to collect because just nine dates are in the series, and all are equally common.

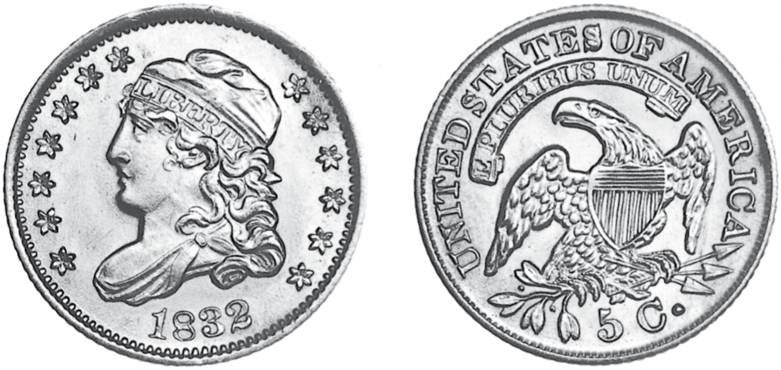


FIGURE 11-4: The Capped Bust half dime.

National Museum of American History / Wikimedia Commons / Public domain

Seated Liberty (1837–73)

On this design type, Liberty sits on a large rock with her dress draped around her. With her right hand, she holds a shield, and in her left arm, she cradles a staff with a plain freedman's cap on the tip (see Figure 11-5). This series lasted nearly 40 years. Were it not for the unique 1870-S half dime at seven figures, you could expect to complete a date and mintmark set of these coins.

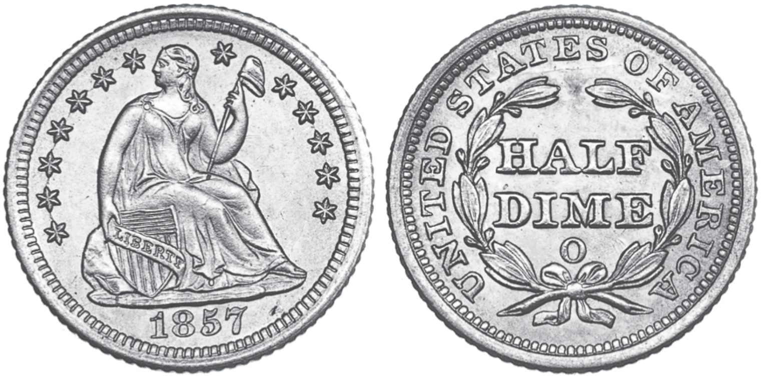


FIGURE 11-5: The Seated Liberty half dime.

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From 1853 to 1855, small arrowheads were added on either side of the date to let the public know that the weight of the half dimes was being reduced. This indicator was important at a time when people were concerned that their money contained the full value in metal. A notice was posted in every U.S. Post Office announcing to the public that the arrowhead indicated a change in weight. In 1859, the words *United States of America* were moved from the back of the coin to the front. A few prototype coins were made with an unusual combination of dies, neither of which had *United States of America* on them. Collectors eagerly seek these coins without a country.

Collecting U.S. half dimes

Collecting U.S. half dimes is fun and challenging. Many rarities exist in the series, and a lot of coins are extremely scarce in high grades. You could spend a lifetime building, upgrading, and enjoying half dimes.

- **By type:**
  - *Difficulty rating:* Easy. None of the half-dime types is rare, but you may have difficulty finding the Flowing Hair and Draped Bust types.

    - *Cost estimate:* Reasonable to expensive. In Fine condition, a *type set* (a set of each of the different design types of a particular denomination) of half dimes runs roughly $6,000 (add another $12,000 if you want to include the Draped Bust); in Uncirculated condition, too many dates are unavailable to collect this series by date.

- **By date:**
    - *Difficulty rating:* Easy to impossible. The Flowing Hair series has only two dates, both of which you can find with a little effort. The 1802 Draped Bust is difficult to find. The Capped Bust makes for a nice, easy, and affordable collection. Forget Seated Liberty: There's only one 1870-S, and it's already spoken for.
    - *Cost estimate:* Reasonable to extremely expensive. A Fine set of Capped Bust half dimes runs $650 or so; in Uncirculated condition, the same set runs $4,000 and up. The two-coin Draped Bust set runs $3,000 or more in Fine condition and more than $20,000 for the same pair in Uncirculated condition.
- **By die variety:**
    - *Difficulty rating:* Easy to impossible. Each type has its own interesting varieties, ranging from obvious and common to subtle and rare. The difficult part is assembling a variety set of the 1794 to 1837 issues. This area is just now coming into its own, and you need a lot of luck (and money) to come anywhere close to a complete set of varieties.
    - *Cost estimate:* Inexpensive to outrageously expensive. You can buy the 1861/0 overdate for as little as $30 or the 1802 half dime (yes, it's a die variety too) for as little as $50,000!

Digging in for Dimes

Dimes and quarter dollars debuted in 1796, a full three years after the first copper coins appeared. Although they arrived late, dimes have been an important denomination throughout their run from 1796 until today. With a few exceptions, dimes have been minted almost continuously during that time in a variety of interesting types. Two great rarities exist in this series: the unique 1873-CCwith no arrows at date and the extremely rare 1894-S. Although these two coins cost more than a house in Southern California, you can collect plenty of other interesting and challenging dates that are much more affordable and approachable.

Major types of U.S. dimes

Dimes appear in seven major types, which I discuss in this section.

Draped Bust (1796–1807)

The very first two dimes bore the Draped Bust design, which comes in two major varieties; small eagle and heraldic eagle; became the standard on all silver coins in 1796 (see Figure 11-6). The first dimes featured 15 stars, one for each state in the union. Initially, the plan was to include a new star for each state as it came onboard. By 1798, the number of states (and stars) was up to 16, but the coins became so crowded that the number of stars was reduced to that of the 13 original colonies. Imagine how the coins of today would look with 50 stars crowded on them (a scenario that reminds me of the candles on birthday cakes).

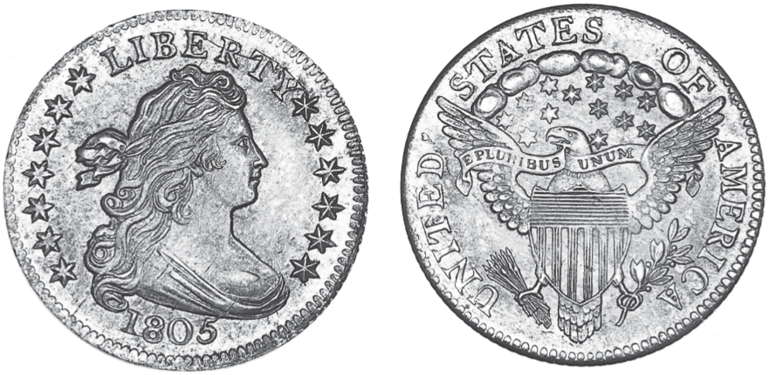

FIGURE 11-6: The Draped Bust dime.

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Capped Bust (1809–37)

The Capped Bust design appeared in 1809 and ran until 1837 (see Figure 11-7). This series contains several interesting overdates and varieties, including 1814 and 1820 varieties, on which the words *States of America* are so close together that they form a single word. No rare dates or stoppers exist in this series. A large number of collectors concentrate on the die varieties in this series because they have a chance of cherry-picking a valuable variety for the price of a common type.

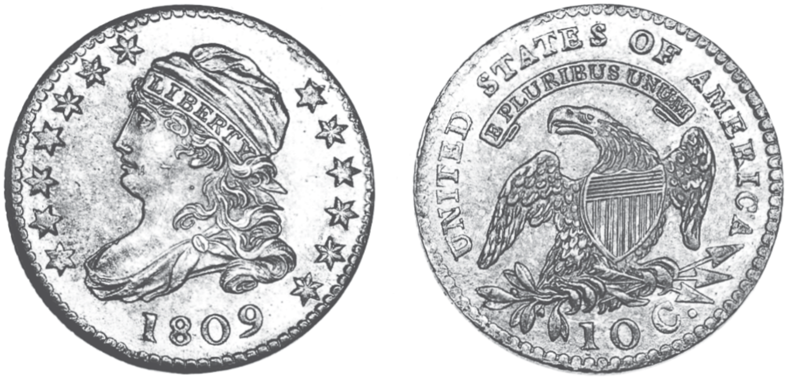

FIGURE 11-7: The Capped Bust dime.

National Museum of American History / Wikimedia Commons / Public domain

Seated Liberty (1837–91)

A larger version of the half dimes, the Seated Liberty dime, ran from 1837 to 1891 (see Figure 11-8). Unlike the three-cent pieces and half dimes, dimes weren't replaced by other coins made of copper and nickel, so the year 1873 meant nothing to them; they just kept going and going. Weight reductions in 1853 and 1873 saw the addition of arrowheads on either side of the date — signals to the public that lasted for three and two years, respectively. Plenty of challenging dates, as well as some interesting varieties, await the collector of this type.

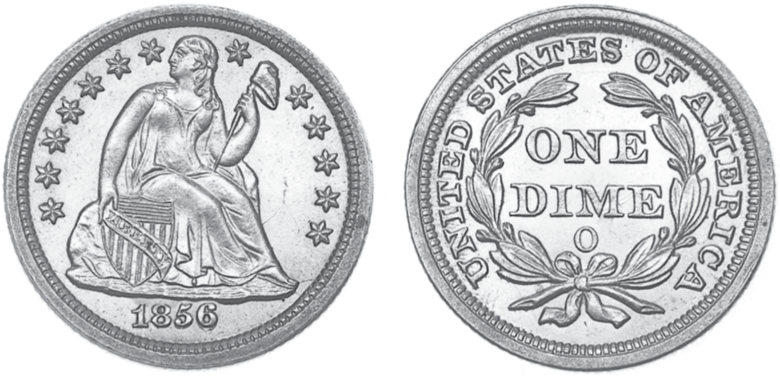

FIGURE 11-8: The Seated Liberty dime.

Heritage Auctions / Wikimedia Commons / Public domain

Barber (1892–1916)

The new dime that appeared in 1892 showed a head of Liberty (see Figure 11-9), but this time, she wore the cap she had on a pole on the last design. A headband with the word *Liberty* and a wreath hold her hat on her head. This type is known as the *Barber dime,* not because it had anything to do with the local haircutter, but because Charles Barber was the designer. Come to think of it, a haircut probably cost a dime in 1892.

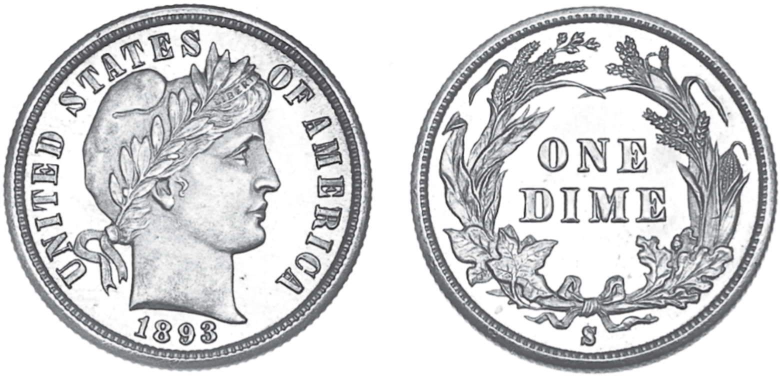

FIGURE 11-9: The Barber dime.

The Barber dime series is home to the 1894-S, one of the rarest and most expensive U.S. coins; a nice one costs $1.5 million or more.

Mercury head (1916–1945)

In 1916, designer Adolph Weinman put wings on Liberty's cap, a classic design from ancient times that was quickly associated with the Roman god Mercury (hence the nickname of this type).

TECHNICAL STUFF

Weinman placed a fasces on the back of the coin (see Figure 11-10). A *fasces* consists of a battle ax surrounded by a bundle of sticks, another design from the ancient Roman world that represented strength and unity. Unfortunately, the symbolism of the fasces got a bad name during World War II from Italy's Benito Mussolini and his National Fascist Party.

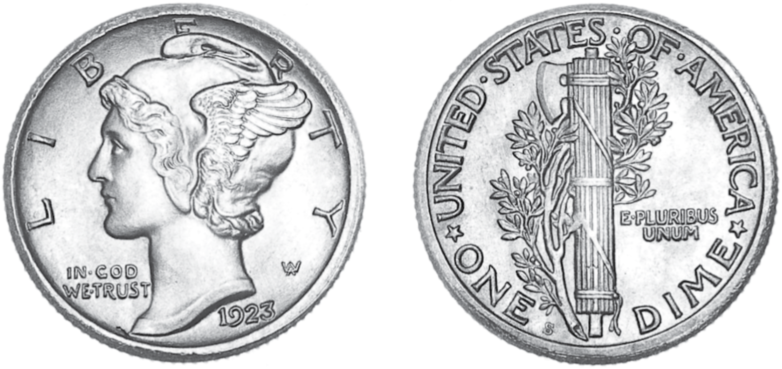

FIGURE 11-10: The Mercury-head dime.

vkbhat / Getty Images

Well-struck examples of this type have clearly defined and separated bands around the fasces. The most important area includes the bands in the center of the coin. If these horizontal bands are completely separated, the coin earns the coveted *full bands* designation and therefore is worth a premium. Some date/mintmark combinations with full bands are excessively rare.

Roosevelt head (1946–present)

The death of President Franklin Delano Roosevelt in 1945 prompted a quick design change for the dime (see Figure 11-11). Roosevelt's head was placed on the front of the coin, and the fasces was replaced by a torch. The initials of the designer, John Sinnock, were placed just below Roosevelt's head.

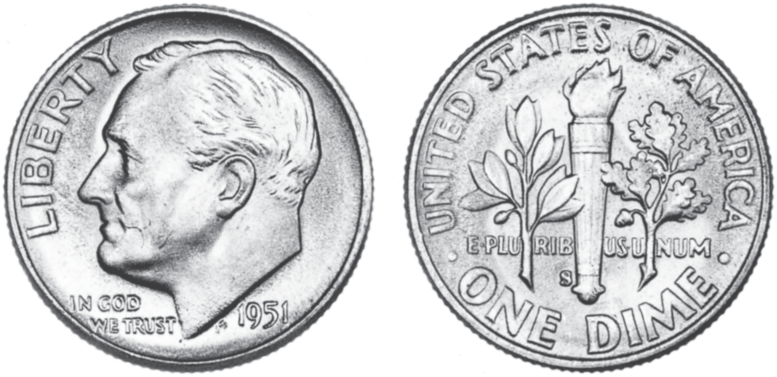

FIGURE 11-11: The Roosevelt dime.

filo/Getty Images

The Roosevelt-head dime appeared in silver through 1964, after which time the coins were made of a clad metal of low value. Roosevelt dimes are still being made today, all these years after his death.

Collecting U.S. dimes

They're small and unassuming, but dimes have been important parts of the U.S. money system since 1796. The Mercury-head and Roosevelt-head dimes are extremely popular with new collectors, whereas the older (pre-1916) series offer plenty of challenges for the advanced collector. Here are some tips for collecting U.S. dimes.

- **By type:**
  - *Difficulty rating:* Moderately difficult. A type set of dimes offers a wide range of interesting designs, each with its own story to tell. Both Draped Bust types is scarce, but all the later types are readily available.

    - *Cost estimate:* For a type set of dimes in Fine condition, expect to pay about $1,200 (add $4,000 if you want the Draped Bust/heraldic eagle subtype). In Uncirculated condition, bring more money — at least $25,000. without the heraldic eagle.

- **By date/mintmark:**
    - *Difficulty rating:* Difficult to nearly impossible. The Draped Bust in every date is accessible but somewhat expensive. The Capped Bust has no difficult dates. The Seated Liberty has many *common dates* (dates in a series that have high mintages and that are easy to obtain), many rare dates, and the unique 1873-CC no arrows dime. The Barber type has the scarce 1895-O, and the 1894-S is a classic rarity that always sets records when it appears on the market. The Mercury-head dime has the key date of 1916-D, but all other dates are easy to find. The Roosevelt-head dime in all dates and mintmarks is common.
    - *Cost estimate:* Inexpensive to millions. For Draped Bust dimes, figure on spending $50,000 for a date set in Fine condition and at least $300,000 for a date set in Uncirculated condition — if you can find them. Capped Bust dimes cost $8,000 for a set in Fine condition and roughly $70,000 for an Uncirculated set. Seated Liberty dimes costs about $30,000 for a Fine set, but only if you exclude the 1873-CC no arrows. For Barber dimes, the 1894-S takes all the fun out of putting together a date and mintmark set. If you exclude the 1894-S, a Fine set runs around $6,500; in Uncirculated condition, the price jumps to more than $25,000. For Mercury-head dimes, Fine sets cost around $4000, and Uncirculated sets cost at least $30,000 — substantially more if you add any full-band examples. You can pick up a complete date and mintmark set of Uncirculated and proof examples of Roosevelt-head dimes for around $250. Buy yourself a nice set, and stay away from the lower grades.
- **By die variety:**
    - *Difficulty rating:* Easy to nearly impossible. Each type has its highlights. In both the Draped Bust series, you can find several variations on the number of stars and berries on some dates. The Capped Bust series features two overdates. Because of its extended run, the Seated Liberty type has lots of interesting varieties, many of which are quite rare. Look for the 1893/2 overdate in the Barber series. Favorites in the Mercury-head series include the 1942/1 and 1942/1-D overdates. In the Roosevelt-head dime series, the 1982 no mintmark dime is a perennial favorite.
    - *Cost estimate:* All over the board. A 1945-S micro-S dime is just $30 in Uncirculated condition, whereas a 1905-O micro-O can run as much as $3,500. Collecting Draped Bust dimes gets expensive because most of the dates are already valuable as type coins.

Touring Around for 20-Cent Pieces

In one of the greatest numismatic debacles of all time, the U.S. government issued a 20-cent piece from 1875 to 1878. The 20-cent piece was only slightly smaller than a quarter dollar, and the coins shared a Seated Liberty design (see Figure 11-12). Because of the similarities in size and design, the public had great difficulty in telling the two coins apart, which created two losers in many transactions: the people who thought they were offering a quarter when they really had only 20¢, and those who took the coin as a quarter and immediately lost 5¢ on the deal. As a result, the 20-cent piece didn't last long. The last coins for circulation were made in 1875 and 1876, and proof examples were made only through 1878.

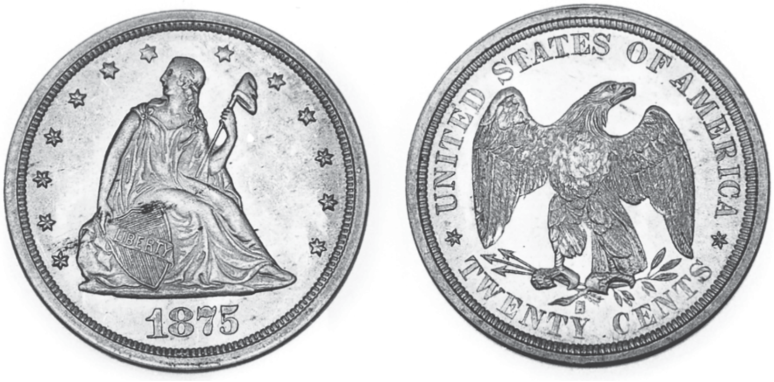

FIGURE 11-12: The 20-cent piece.

Heritage Auctions / Wikimedia Commons / Public domain

The adage "History repeats itself" came true in 1979, when the U.S. government introduced the Susan B. Anthony dollar (see the "Anthony head [1979–99]" section near the end of this chapter).

Collecting 20-cent pieces by type is easy because you have only one coin to buy!

- **By type:**
  - *Difficulty rating:* Easy; there's only one type.
  - *Cost estimate:* Affordable. You'll spend $200 for a Fine example and $1000 for one in Uncirculated condition.
- **By date:**
  - *Difficulty rating:* Extremely difficult. This series would be a piece of cake were it not for that darned 1876-CC, a classic U.S. rarity that costs more than $200,000.
  - *Cost estimate:* A complete set of Uncirculated and proof 20-cent pieces could run $15,000 (without the 1876-CC).

- **By die variety:**
  - *Difficulty rating:* Easy to moderately difficult.
  - *Cost estimate:* Who knows?

Calling All Quarter Dollars

The quarter dollar of 1796 was one of America's answers to the Spanish colonial coins that were important parts of the emerging U.S. economy. The main Spanish colonial coins were the Eight Reales (large silver coins the size of a silver dollar) and the smaller One Real, Two Reales, and Four Reales. In some cases, the Eight Reales was actually cut into eight pieces — hence, the nickname *piece of eight*. Each piece was called a *bit* and had a value of 12½¢. Is this beginning to sound familiar yet? How about the high-school cheer: "Two bits, four bits, six bits, a dollar — all for *Dummies,* stand up and holler!" Two bits equal a quarter dollar; four bits, a half dollar; six bits, a nonexistent 75-cent piece; and eight bits, a dollar. Thus, the quarter dollar was created to replace the two-bits and Two Reales Spanish coins with America's own money. Think about it: As an American in 1796, wouldn't you have been proud to pay for something with a shiny new coin from your own country?

Major types of U.S. quarter dollars

Quarter dollars came in six major design types during their long tenure from 1796 through today.

Draped Bust (1796–1807)

The Draped Bust quarter first appeared in 1796 (see Figure 11-13) and then promptly dropped off the scene, not to reappear until 1804. As result, there aren't too many dates in this series, making it very easy for a collector to complete a date set. The 1796 is expensive, the 1804 is scarce, and the dates from 1805 to 1807 are easy to find.

Capped Bust (1815–38)

John Reich's Capped Bust design appeared in 1807 on the half dollars, but because no quarter dollars were minted between 1807 and 1815, the design was several years late in coming to the quarter dollar (see Figure 11-14). Most dates in this series are common, but there's one standout: the 1827. This classic rarity was struck only in proof; then it was struck again many years later, using an 1819 reverse.

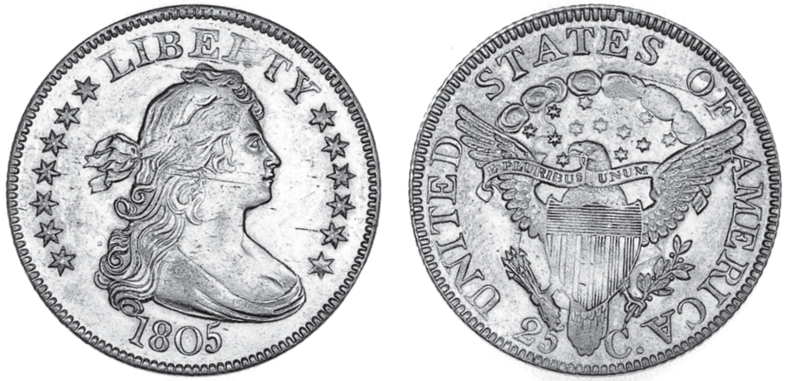

FIGURE 11-13: The Draped Bust quarter.

Heritage Auctions / Wikimedia Commons / Public domain

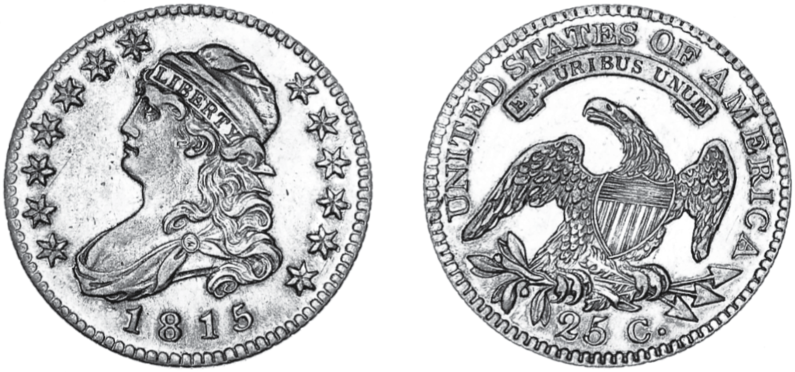

FIGURE 11-14: The Capped Bust quarter.

National Museum of American History / Wikimedia Commons / Public domain

Seated Liberty (1838–91)

The Seated Liberty quarter dollar series is full of low-mintage dates, interesting varieties, and affordable dates (see Figure 11-15). Interesting coins in this series include the 1853 arrows and rays, the extremely rare 1873-CC, and varieties like the 1877-S (in which the mintmark was first punched into the coin sideways!). If you're looking for a fun, challenging series, give the Seated Liberty quarters a try.

Barber (1892–1916)

In 1892, Charles Barber created a new quarter dollar (see Figure 11-16), using the same obverse design that he placed on the dime and half dollar. The Barber quarter series has three toughies to collect — the 1896-S, 1901-S, and 1913-S — but none of the three is beyond the means of most collectors. In fact, putting together a set of Barber quarters in low grades is easy, which is one reason why this series is so popular with collectors.

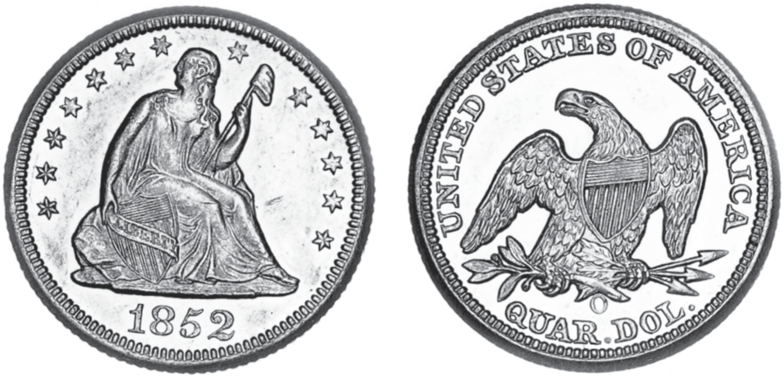

FIGURE 11-15: The Seated Liberty quarter.

Heritage Auctions / Wikimedia Commons / Public domain

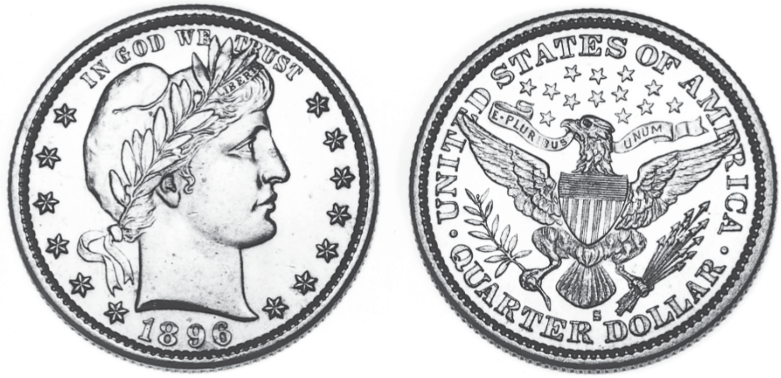

FIGURE 11-16: The Barber quarter.

miro2dhr / Getty Images

Standing Liberty (1916–30)

In 1916, a new quarter-dollar design by Hermon A. MacNeil hit the streets (see Figure 11-17). The front of the coin shows a bare-breasted Liberty in a flowing dress, holding a shield and an olive branch, and walking between two stone gates. The back of the coin shows an eagle in graceful flight. The lady is our own Liberty, the icon of freedom and everything that's good about the United States. In any event, a couple of design changes were made in 1917 to make the coin more acceptable from technical and aesthetic viewpoints. In the most obvious change, Liberty not only regained her modesty, but also began wearing a vest of chain mail. On the reverse of the coin, the eagle was raised to a more central position, and three stars were moved below it.

For years, experts believed that prudes and their public outcry for decency were the reasons for covering up Liberty in 1917, but recent investigation has found little evidence to support such a claim.

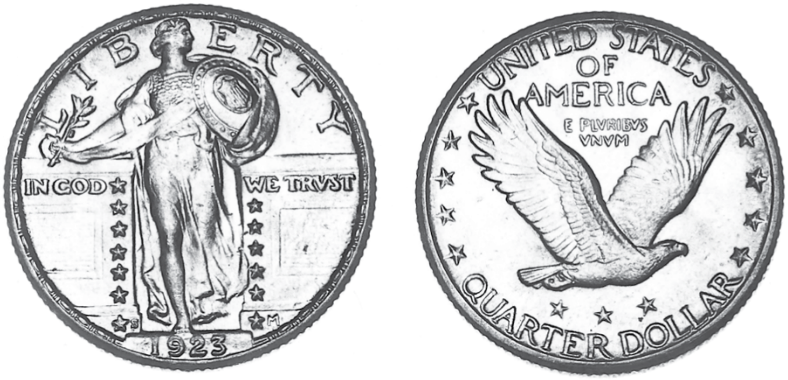

FIGURE 11-17: The Standing Liberty quarter.

Matt Light / Adobe Stock

Many collectors look for well-struck examples of this type that have fully struck-up and complete detailing on Liberty's head. Coins with a full head can be worth substantial premiums.

Washington head (1932–present)

Had he lived that long, George Washington would have been 200 years old in 1932, so Congress decided to celebrate with a new quarter dollar with George's head on the front (see Figure 11-18). The Washington-head quarter dollar was meant to be a commemorative coin, but it was so popular that it became a regular issue in 1934. Tough dates in the series include the 1932-D and 1932-S. All other dates are common. Like dimes and half dollars, quarter dollars changed in 1965 from silver to a clad copper-and-nickel combination. Collectors love this series because it's easy and affordable to collect.

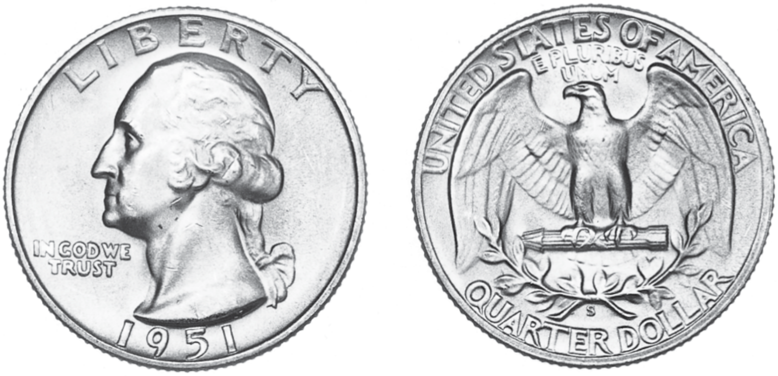

FIGURE 11-18: The Washington quarter.

PaulCullenPhotography / Getty Images

Collecting U.S. quarter dollars

From the lovely Standing Liberty design to the popular Washington type to the challenging Seated Liberty series, U.S. quarters present collectors lots of choices and lots of fun. Read the following tips to choose the path that's right for you.

- **By type:**
  - *Difficulty rating:* Easy. All the main quarter-dollar types are easy to obtain.
  - *Cost estimate:* A type set in Fine condition runs approximately $850 ($26,000 if you want to include the 1796 Draped Bust/plain eagle); in Uncirculated condition, expect to pay around $10,000 (or close to $85,000 if you include the 1796).
- **By date:**
  - *Difficulty rating:* Easy to impossible. A date set of Draped Bust quarters is possible but expensive to acquire. The 1827 makes completing a date set of Capped Bust quarters expensive and unattractive. The same goes for the Seated Liberty quarters because only four of the 1873-CC no arrows are known. In the Barber series, a complete set in Circulated condition is still within the means of most collectors. Standing Liberty quarters and Washingtonquarters are no problem.
  - *Cost estimate:* Figure on paying $35,000 for a date set of Draped Bust quarters in Fine condition, and leave it at that; the extreme rarity of the 1804 quarter in high grades makes putting together an Uncirculated date set a dream. Likewise for the Capped Bust quarters: The 1827 is known only in proof condition and is always expensive. A Fine set of Seated Liberty quarter dollars runs more than $20,000, and that's without the five Carson City quarters; an Uncirculated set would be not only expensive, but also impossible, because several dates are unknown or extremely rare in Uncirculated condition. A Fine set of Barber quarters runs $23,000, and an Uncirculated set costs at least $100,000. A date and mintmark set of Standing Liberty quarter dollars in Fine condition costs $9,000; an Uncirculated set runs at least $30,000 (and this figure multiples big time if you want full head examples).

    Circulated sets of Washington quarter dollars are inexpensive, but because many of the later dates are proof-only issues, I recommend attempting a set all in Uncirculated and proof conditions. Such a set starts at $4,500.
- **By die variety:**
  - *Difficulty rating***:** Easy to impossible. Draped Bust and Capped Bust quarter dollars are collected by die variety, but some are so rare as to be unobtainable. A new variety of the 1837 was discovered recently, for example, and only one lucky collector will have a chance to own it until another example

is discovered. The Seated Liberty series contains numerous major and minor varieties, some of which are quite interesting. Favorites include the 1854-O Huge O, the open and closed *3* varieties of 1873, and the 1877-S *S* over horizontal *S.* Surprisingly, no major varieties exist in the Barber series. Look for the 1918/7-S overdate in the Standing Liberty quarter series. In the Washington-head series, highlights include doubled dies on some of the 1934, 1942-D, 1943, and 1943-S quarters and over-mintmarks on the 1950-D and 1950-S issues.

- *Cost estimate:* Inexpensive to expensive, based on the difficulty ratings assigned in the preceding item. I view varieties as being side trips anyway; it's fun to get off the main road sometimes, but it's also easy to get lost. If you recognize hardcore die-variety collecting as an expensive, life-long proposition, I say, "More power to you." If you decide to collect some of the later-date quarters by variety, start with the obvious ones, and work down to the less dramatic ones. (You're more likely to get your money back on the varieties everyone knows.)

Holding On to Half Dollars

The first U.S. half dollar appeared in 1794 and was one of only three silver denominations to bear that date. The half dollar has always been an important coin for commercial reasons, so half dollars were struck in most years. None were struck in 1798, 1799, 1800, 1804, and 1816. From 1804 to 1840, when silver dollars effectively disappeared from the market and gold coins were scarce, the half dollar became the coin of choice for large transactions.

Today, half dollars aren't nearly as important as they once were, and you won't see them that often; they seem to have lost ground to the quarter dollar. In 1995, for example, the Philadelphia Mint made more than 1 billion quarter dollars and fewer than 27 million half dollars. Nevertheless, the half-dollar series is a long and fascinating one, with lots of fans in numismatics.

Major types of U.S. half dollars

Half dollars appear in eight major types, which I discuss in this section.

Flowing Hair (1794–95)

The half dollars of 1794 and 1795 follow the design of the half dimes and silver dollars, showing Liberty as a woman with long flowing hair (see Figure 11-19). The back of the coin features a scrawny-looking eagle within a wreath.

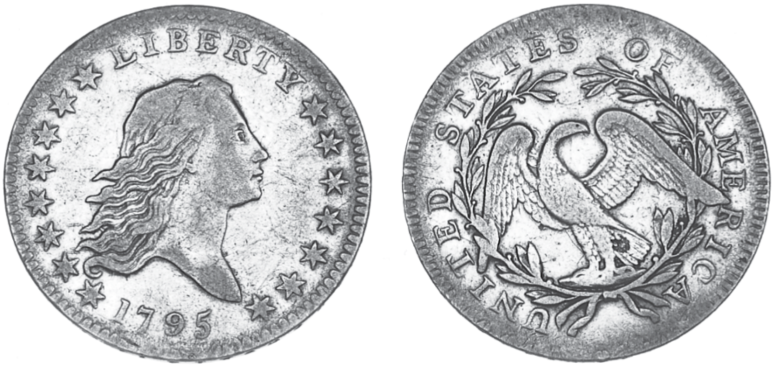

FIGURE 11-19: The Flowing Hair half dollar.

TECHNICAL STUFF

Most half dollars were made from silver deposited at the U.S. Mint at Philadelphia. A person with raw silver or silver coins from other countries could take the silver to the Philadelphia Mint to have new U.S. coins made from it. Then the person would have shiny new coins to distribute to friends, customers, or the merchants with whom they did business. The U.S. government had little money with which to purchase silver, so it relied on people to bring the silver to it.

Draped Bust (1796–1807)

The Draped Bust design (see Figure 11-20) debuted on half dollars in 1796, but silver deposits were so low that only 3,918 half dollars were struck in 1796 and 1797 combined, and none were made from 1797 to 1800. By 1801, mintages of the half dollar jumped, nearly reaching the 1 million mark in 1806. The only rare dates in this series are 1796 and 1797. A popular and challenging way to collect this series is by die variety.

Capped Bust (1807–39)

In 1807, John Reich created a new design of Liberty for the half dollar. Liberty was older by then, so she was given a more mature appearance (see Figure 11-21). A freedman's cap was placed on her head, and a strip of cloth with the word *Liberty* on it was tied around her head. Because mintages for this series were so high, you can find many die varieties. Collectors who pursue this avenue of collecting are known as *bust half nuts,* and they belong to the Bust Half Nut Club.

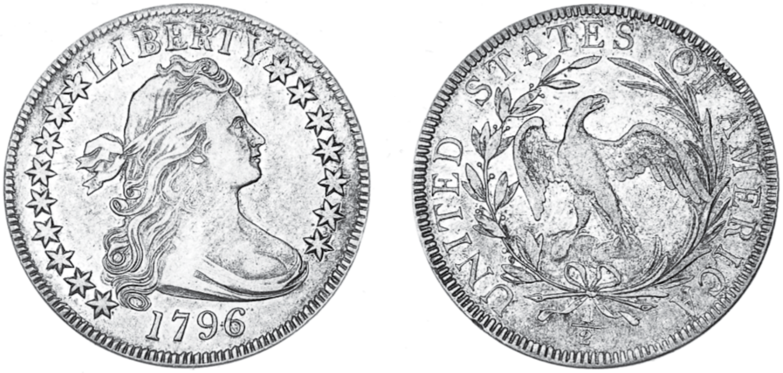

FIGURE 11-20: The Draped Bust half dollar.

Lost Dutchman Rare Coins / Wikimedia Commons / Public domain

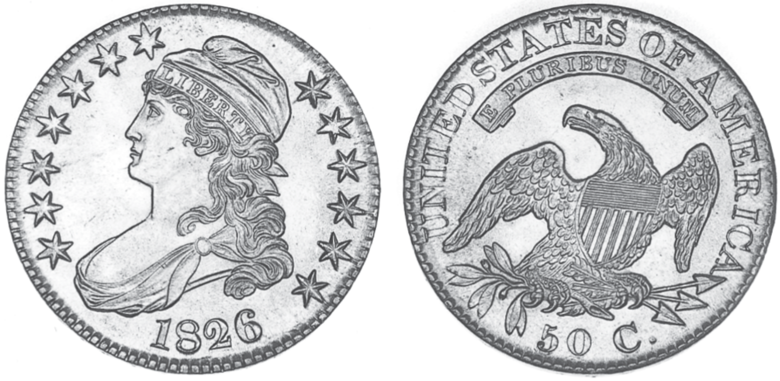

FIGURE 11-21: The Capped Bust half dollar.

National Museum of American History / Wikimedia Commons / Public domain

The only real rarity in this series is the 1838-O, minted in the first year of production at the New Orleans Mint and now known by fewer than a dozen examples.

Seated Liberty (1839–91)

The Seated Liberty design first appeared on the U.S. half dollar in 1839 (see Figure 11-22). Mintages remained high for most dates but dropped off in 1878, when focus shifted to silver-dollar production. Weight changes from 1853 to 1855 and from 1873 to 1874 were indicated by the presence of arrowheads on either side of the date. The real mystery in this series is the 1873-S no arrows half dollar. Mint records indicate that 5,000 were struck, but none has ever been seen. Rarities in this series include the 1853-O no arrows and the 1878-S. Many of the 1861-O half dollars were struck by the Confederacy after it took over the New Orleans Mint.

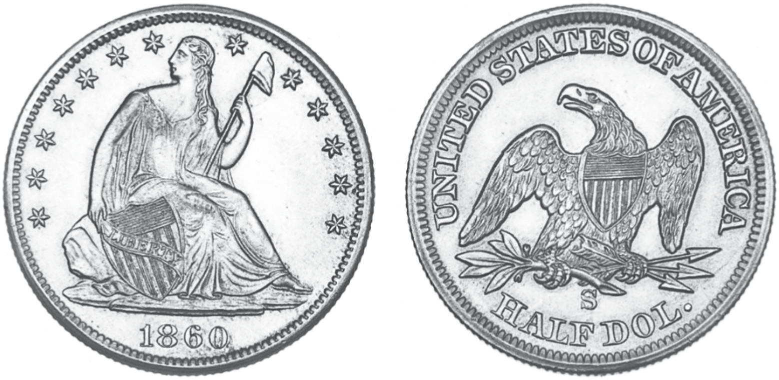
1860
UNITED STATES OF AMERICA
S
HALF DOL.

FIGURE 11-22: The Seated Liberty half dollar.

Heritage Auctions / Wikimedia Commons / Public domain

Barber (1892–1915)

Charles Barber's version of Liberty appeared simultaneously on the dime, quarter, and half dollar in 1892 (see Figure 11-23). The Barber half series has no rarities to prevent you from completing a date and mintmark set. Nevertheless, finding nice high-grade examples is difficult because the coins in this series saw heavy circulation.

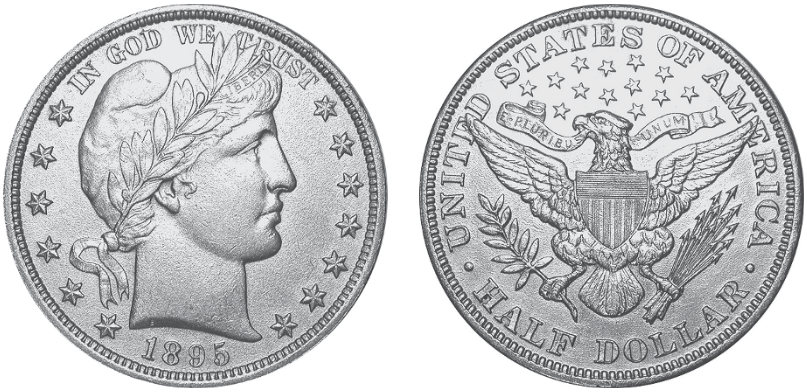
IN GOD WE TRUST
LIBERTY
1895
UNITED STATES OF AMERICA
E PLURIBUS UNUM
HALF DOLLAR

FIGURE 11-23: The Barber half dollar.

Matt Light / Adobe Stock

Walking Liberty (1916–47)

A. A. Weinman was responsible for creating new designs for the dime and half dollar in 1916 (see Figure 11-24). Both designs represented major departures from Barber's staid head of Liberty (see the preceding sections referring to Barber dimes and quarters). On the half dollar, Liberty carries a huge olive branch and is wrapped in the American flag. The impressive eagle on the reverse of the coin proudly flexing its wings in a show of strength is one of my favorite renditions of this iconic symbol.

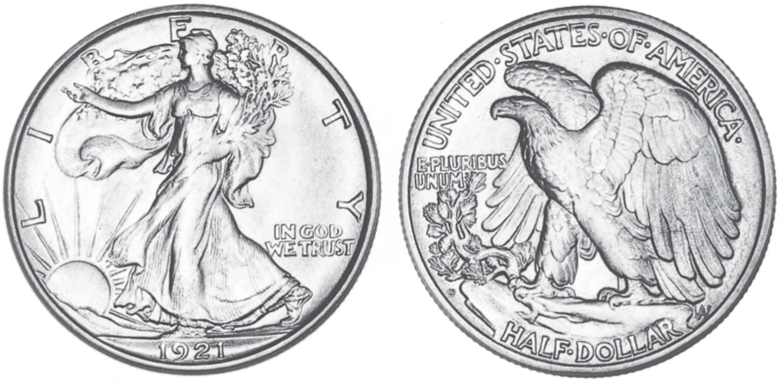

FIGURE 11-24: The Walking Liberty half dollar.

TIP

You can find every date in this series with ease, even the scarcer 1921, but many of the early dates can get quite expensive in Uncirculated condition.

Franklin head (1948–63)

Ben Franklin got a coin of his own in 1948, when John Sinnock created a new design for the half dollar (see Figure 11-25). As he did on the Roosevelt dime, Sinnock placed his initials *JRS* below the shoulder on the half dollar. (They're too small to be seen in the figure.) The back of the coin featured a large image of the Liberty Bell, a design allegedly lifted by Sinnock from the back of his commemorative half dollar of 1926. All Franklin half dollars are common, and a set of all 35 date and mintmark combinations is easy to complete. Collectors often pay big premiums for examples with full bell lines on the Liberty Bell because only coins with full, complete strikes have them.

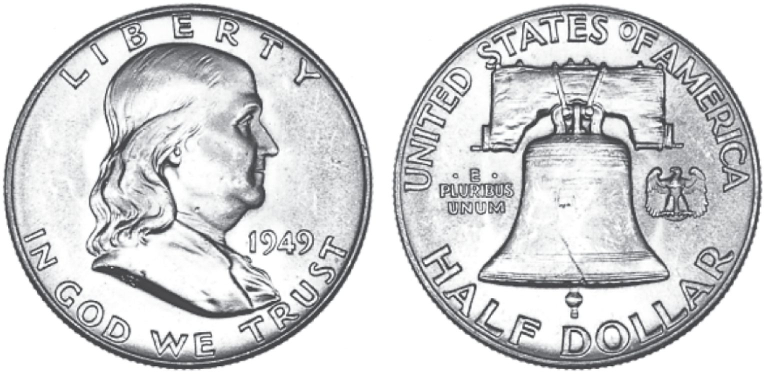

FIGURE 11-25: The Franklin half dollar.

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Kennedy head (1964–present)

Immediately after President John F. Kennedy was assassinated, plans were made to honor him on the half dollar. Engravers Gilroy Roberts and Frank Gasparro created an impressive design that remains extremely popular with collectors today (see Figure 11-26). Ninety percent pure silver coins were struck in 1964 only; from 1965 to 1970, the half dollars contained 40 percent silver; thereafter, they were made of a sandwich of pure copper between layers of copper–nickel. All dates are common except the rare Kennedy Half specimen coins, assumed to be produced via "special request" by the then–Mint Director and later privately handled by New York coin dealer Lester Merkin (1916–1992). When he died in 1992, the Kennedy specimen half dollars were found in his estate.

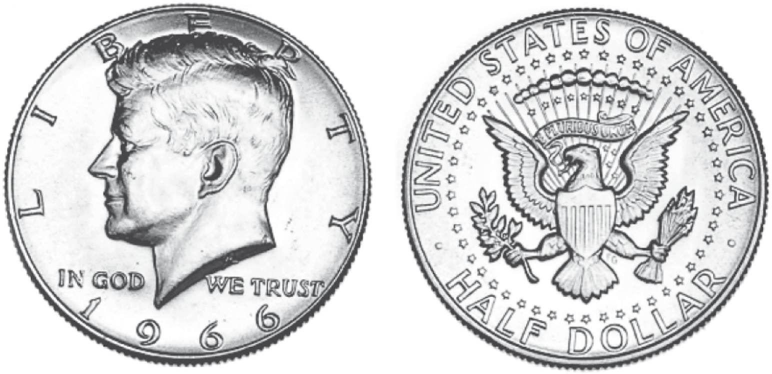

FIGURE 11-26: The Kennedy half dollar.

Richard Huber / Wikimedia Commons / CC BY-SA 3.0

Collecting U.S. half dollars

Compared with other series, half dollars are a relative bargain. You won't find any great rarities in the run from 1892 to present, for example, making it easy and affordable for most collectors to obtain most, if not all dates, in the series. Their impressive size and attractive designs make half dollars a good collecting choice.

- **By type:**
    - *Difficulty rating:* Easy. Every type is readily available on the market.
    - *Cost estimate:* Fine condition costs about $15,000. In Uncirculated condition, the rarity of Uncirculated Flowing Hair half dollars makes prices speculative, but figure on spending hundreds of thousands of dollars (at least)!

- **By date:**
  - *Difficulty rating:* Easy to extremely difficult. Flowing Hair half dollars are easy to obtain but expensive. The 1796 and 1797 Draped Bust half dollars are extremely rare. In Capped Bust half dollars, the 1815 is scarce, but the 1838-O is the real stopper. Seated Liberty half dollars are extremely difficult because of the 1853-O no arrows and the 1878-S. All dates after 1891 are easy to find and collect.
  - *Cost estimate:* A Fine condition set of Flowing Hair half dollars runs $15,000; an Uncirculated set is prohibitively expensive due to the rarity of high-grade coins. A set of Draped Bust half dollars in Fine condition runs $150,000, based largely on the 1796 and 1797 dates, both of which make an Uncirculated set extremely expensive. For Capped Bust half dollars, plan on spending $6,000 for a date/mintmark set in Fine condition (minus the 1817/14 and the 1838-O, 1839 Small Letters, of course) and $125,000 for an Uncirculated set missing those same three dates. A Seated Liberty half dollar set in Fine condition approaches $30,000, and that's without the 1853-O no arrows; several dates are unknown in Uncirculated condition, so I won't price an Uncirculated set; I can only dream about it! In the Barber series, a Fine condition date/mintmark set costs more than $6,000, and an Uncirculated set costs more than $75,000. Walking Liberty half dollars become a bit more reasonable, with a Fine condition set running $2,600 and an Uncirculated set costing at least $,65,000. Franklin-head half dollars are so reasonable that I suggest an Uncirculated set at around $600. Same goes for the Kennedy-head half dollars; you can buy a date/mintmark set in Uncirculated and proof condition for around $675.
- **By die variety:**
  - *Difficulty rating:* Easy to extremely difficult. As in other denominations, the biggest challenges and difficulties are trying to assemble die-variety sets of the earliest dates and types. In many cases, the die varieties are unique or so rare as to be prohibitively expensive. In the Seated Liberty series, major varieties include the 1844-O double date, the 1847/6 overdate, and the 1873 varieties with and without arrows. Few people collect this series by die varieties because they're so difficult to tell apart. In the Barber series, you won't find any major varieties, but the 1892-O microscopic O is a rare, minor variety.
  - *Cost estimate:* Inexpensive to prohibitively expensive. Costs range from $10 for a 1946 doubled-die back to nearly $100,000 for an 1817/4 overdate in Fine condition.

Digging Around for Dollars

When Congress debated America's money system, the key denominations were the silver dollar and the gold eagle ($10). The purpose of the silver dollar was to replace the Spanish colonial Eight Reales, which was the most important, widely circulated silver coin in the world during this time and probably ever. The United States was a new country and wanted coins of its own. The first silver dollars were impressive hunks of silver, each containing its full value in the semiprecious metal. Despite the theoretical importance of the silver dollar, the coins weren't minted between 1804 and 1836. By 1878, huge quantities of silver had been found in the western states, and the floodgates opened. Millions upon millions of silver dollars were produced, and they became the darlings of collectors because of their rich, bright luster; impressive size; and wide availability.

Major types of U.S. dollars

Dollars appear in nine major types, which I discuss in this section.

Flowing Hair (1794–95)

The first U.S. silver dollars bore Robert Scot's Flowing Hair design (see Figure 11-27). Because the U.S. Mint relied on depositors for its silver (see the "Flowing Hair [1794–95]" section earlier in this chapter), mintages are spotty. In fact, fewer than 2,000 1794 silver dollars were struck. As expected, the 1794 is rare, but the 1795 is affordable.

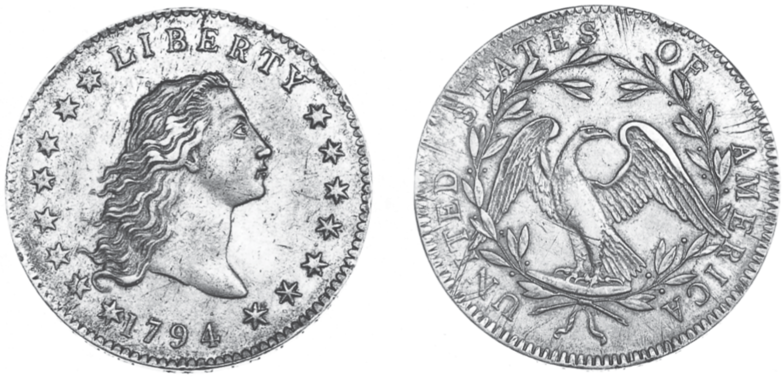

FIGURE 11-27: The Flowing Hair silver dollar.

Draped bust (1795–1804)

The Draped Bust silver dollar (see Figure 11-28) comes in two subtypes: one with the plain eagle design of 1795 and a later version with an eagle with a shield. The rarest date in this series is the 1804, one of the greatest rarities in all of U.S. numismatics (holder of a record price of $7.68 million in August of 2021 — see Chapter 24). Funny thing, though: The 1804 dollar wasn't struck until at least 1834, when some coins were made as special presentation pieces for overseas VIPs. Several collectors are working on die-variety sets from this type, but the high cost of the coins keeps most collectors out.

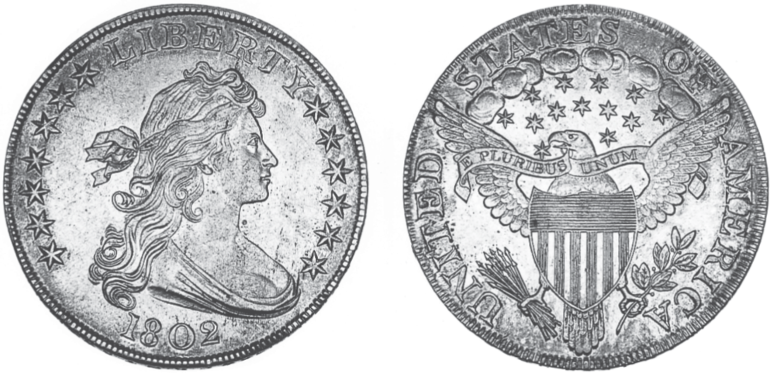

FIGURE 11-28: The Draped Bust silver dollar.

Heritage Auctions / Wikimedia Commons / Public domain

Seated Liberty (1836–73)

No silver dollars were struck for circulation between 1804 and 1836, which was an awfully long time to go without one of the bedrocks of the U.S. money system. In 1836, an employee of the U.S. Mint named Christian Gobrecht designed a new silver dollar featuring a Seated Liberty design (see Figure 11-29), which was to become the standard on all silver coins just a few years later. The reverse of the coin shows an eagle in flight amid a field of stars. (This beautiful Flying Eagle reverse was never adopted for use on silver dollars, but it eventually appeared on the new small cents of 1856–58; see Chapter 10.) By the time Gobrecht's silver dollar made it into general circulation in 1840, the reverse design of the coin was changed to a plain eagle with arrows and an olive branch in its talons.

The Seated Liberty dollar series is replete with rarities. The 1858 was minted only in proof; the 1870-S runs close to $100,000 (if you can find one); and the 1873-S is unknown, even though U.S. Mint records indicate that some coins were struck. Nevertheless, the Seated Liberty dollar type continues to be a very popular series; just make sure that you have a lot of money in the bank before you venture into this area.

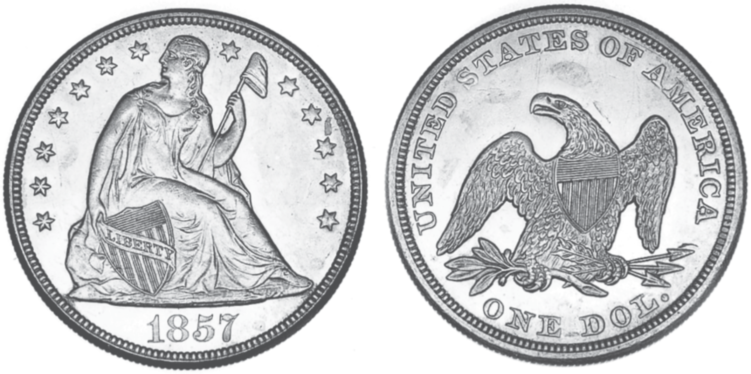

FIGURE 11-29: The Seated Liberty silver dollar.

Heritage Auctions / Wikimedia Commons / Public domain

Trade (1873–85)

In 1873, the U.S. Mint began producing a special silver dollar to circulate in the Orient and compete with similar coins from other nations (see Figure 11-30). The new *trade dollar* bore a modified version of the Seated Liberty design; this time, Liberty is seated on a bale of cotton, and she offers an olive branch to an unknown recipient on the other side of the ocean. The trade dollar enjoyed some popularity in Asia, where merchants would punch their special marks into the coin to give it their stamp of approval. Even though the trade dollar was heavier than the regular U.S. silver dollars, it was good only for purchases up to $5 in the United States. After that, the trade dollar was worth only its bullion value, which was less than its face value. As a result, many of the coins found their way back into the United States, where they could be spent at a profit.

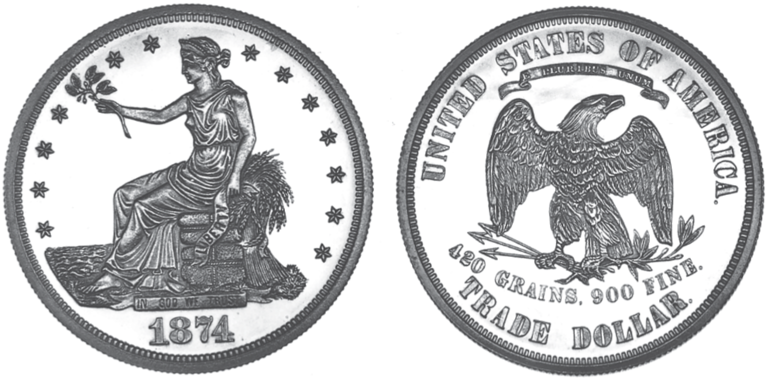

FIGURE 11-30: The trade dollar.

Heritage Auctions / Wikimedia Commons / Public domain

The appearance of the Morgan dollar in 1878 spelled the end of the trade dollar, although proof trade dollars continued to be struck through 1885. The last two years, 1884 and 1885, are extreme rarities in the series, with a nice example of the 1885 sold in July of 2019 for a reported $3.9 million.

Morgan (1878–1921)

George T. Morgan never could have guessed that his new silver dollar of 1878 would become the most important silver coin in the United States and the most widely collected coin in all of numismatics. Morgan's design is simple yet elegant, with a classic head of Liberty and an eagle with outstretched wings (see Figure 11-31). The coin was unpopular at the time of its issue, and large quantities were left unused well into the 20th century. Thanks to large hoards of silver dollars uncovered over the years, sufficient quantities of Uncirculated coins exist to support the active collector market. Key dates in this series include the 1889-CC, 1892-S, 1893-S, and the proof-only 1895. Certain Uncirculated silver dollars have mirrored surfaces ranging from partially mirrored to deeply mirrored as well as in a satin finish. A deep mirror finish, considered proof-like, is the collector's dream, and some dates are extremely rare in this format.

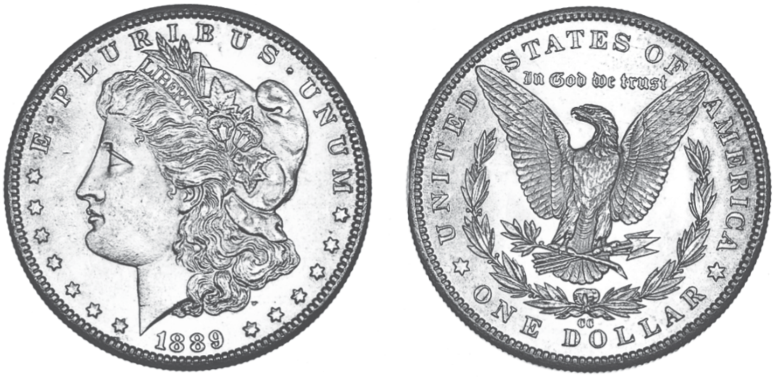

FIGURE 11-31: The Morgan silver dollar.

Sporran / Getty Images

Peace (1921–35)

Following World War I, everybody wanted peace. Some Americans wanted it so badly that they petitioned for a peace dollar (see Figure 11-32) and got it. Unfortunately, by the time the design was finished, peace turned out to be nothing more than a small word on the back of the coin. In a nod to classical ancient styling, the designer used Roman spelling for the motto *In God We Trust,* using a *V* instead of a *U.* This simple change accounts for a large portion of the phone calls received by dealers every day: New owners of peace dollars think they have a rare error. Peace dollars were made from 1921 to 1935. The first year had an unusually high relief that was lowered in subsequent years. All dates are available and affordable, although the 1928 and 1934-S can be a challenge to find in nice condition.

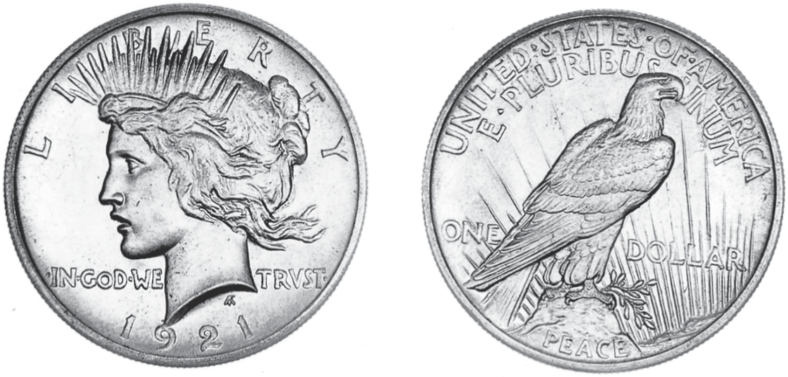
FIGURE 11-32: The peace dollar.

Mark Kostich / Getty Images

Eisenhower head (1971–78)

The Eisenhower dollar was originally meant to honor the astronauts of Apollo 11 for their historic landing on the moon, but a portrait of Ike was placed on the front of the coin (see Figure 11-33) because he died a few months before the lunar landing took place. The reverse of the coin shows an eagle landing on the moon with an olive branch in its talons. The Ike dollars made for general circulation were made of the same copper–nickel clad metal used on other U.S. coins beginning in 1965, but collectors were allowed to purchase specially packaged Uncirculated and proof examples in 40 percent silver. In 1975 and 1976, a special design was issued to celebrate the U.S. bicentennial.

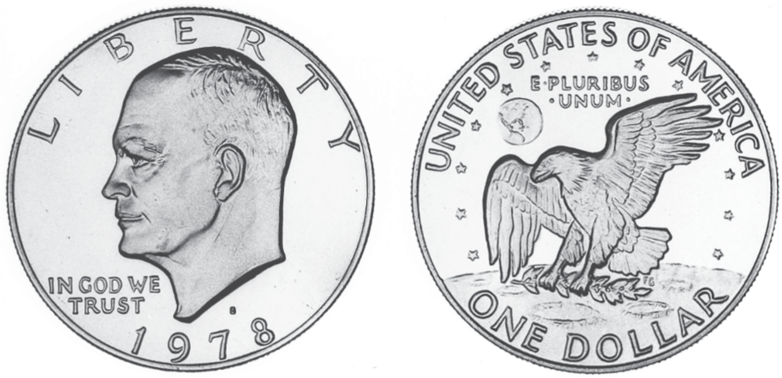
FIGURE 11-33: The Eisenhower dollar.

Unknown Source / Wikimedia Commons / Public domain

Anthony head (1979–99)

The Susan B. Anthony dollar replaced the Eisenhower dollar in 1979. Anthony fought for women's rights, especially the right to vote, in the 1800s. When a new, smaller $1 coin was being considered, Susan B. turned out to be one of the most popular subjects (see Figure 11-34). Mint officials thought a smaller dollar would circulate better than the old 38-millimeter version, but the public absolutely hated the new coin because it was too easily confused with a quarter dollar (shades of the old 20-cent piece all over again). Millions of the Anthony dollars remained unissued in the government's vaults.

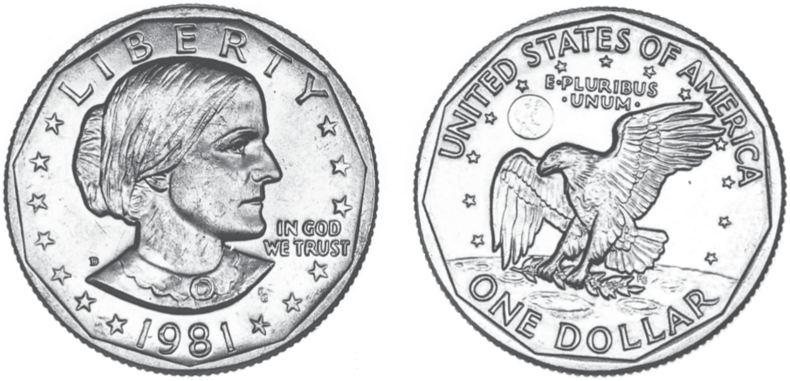
LIBERTY
IN GOD WE TRUST
1981
D
UNITED STATES OF AMERICA
E·PLURIBUS ·UNUM·
ONE DOLLAR

FIGURE 11-34: The Susan B. Anthony dollar.

Heritage Auctions / Wikimedia Commons / Public domain

Sacagawea (2000–present)

Despite the failures of the 20-cent piece and the Susan B. Anthony dollar, and despite resistance from the general public, the U.S. government persists in developing small dollar coins. Its latest experiment, the Sacagawea dollar, has met with some success (See Figure 11-35). The golden color of this bronze coin sets it apart from any other coin currently incirculation, and some people have hoarded the coin because they think it's made of real gold.

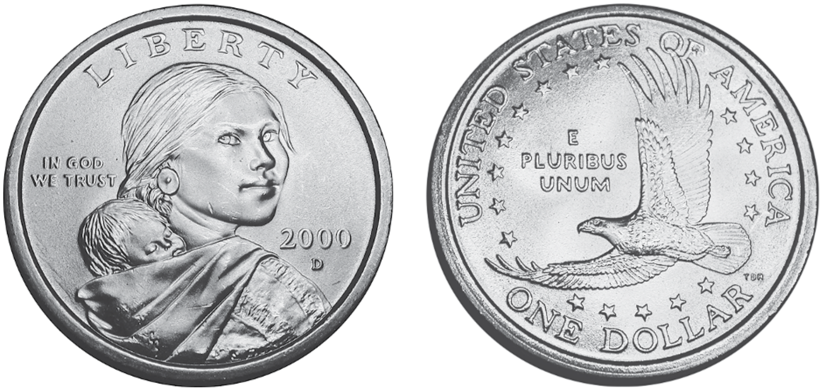
LIBERTY
IN GOD WE TRUST
2000
D
UNITED STATES OF AMERICA
E PLURIBUS UNUM
ONE DOLLAR

FIGURE 11-35: The Sacagawea dollar.

Collecting U.S. dollars

Silver dollars are the largest silver coins produced by the U.S. Mint for general circulation, and they're beautiful and impressive. Is it any wonder that U.S. silver dollars are among the world's most eagerly collected coins? Following are some ways for you to get in on the action.

- **By type:**
  - *Difficulty rating:* Easy. All the types listed in the preceding section are easy to find on the market, but the Flowing Hair and Draped Bust types are expensive.
  - *Cost estimate:* A silver dollar type set in Fine condition runs $7,200; in Uncirculated condition, the price can jump to $100,000.
- **By date/mintmark:**
  - *Difficulty rating:* Impossible. In the two-date Flowing Hair series, the 1794 is a rare coin. The 1804 is uncollectible. In the Seated Liberty series, the 1836 through 1839 proofs are rare; the 1851, 1852, 1858, and all the Carson City issue are rare; the 1870-S is extremely rare; and the 1873-S is unknown. The extreme rarity of the 1884 and 1885 trade dollars makes collecting a set impossible. Morgan dollars are difficult because the 1895 is a stopper. Peace dollars, Eisenhower dollars, Susan B. Anthony dollars, and Sacagawea dollars are no problem.
  - *Cost estimate:* In Fine condition, a Flowing Hair 1795 dollars runs $7,000 (the 1794 is expensive in any condition); a set of Draped Bust dollars costs $75,000 (without the 1804); a set of Seated Liberty dollars runs around $65,000 (without the 1870-S); a set of trade dollars (without the 1884 or 1885) costs roughly $6,500; a set of Morgan dollars runs roughly $15,000 (without the 1895); and a set of peace dollars runs $1,100. Uncirculated, the peace dollar series' price is manageable, but you're looking at $5,500, for starters. The Eisenhower Susan B. Anthony, and Sacagawea dollars are all reasonably priced in both Uncirculated and proof grades.
- **By die variety:**
  - *Difficulty rating:* Impossible because of rarity and price.
  - *Cost estimate:* Forget about it.

IN THIS CHAPTER

- Introducing U.S. gold coins
- Examining the different types of U.S. gold coins

Chapter 12

Gold Coins: Concentrated Wealth

In this chapter, I introduce you to U.S. gold coins — those beautiful yellow chunks of precious metal that are recognized throughout the world for their consistent quality, beauty, and value. I arranged this chapter according to the face value of the coins, beginning with $1 coins and going through each denomination through $20.

Because of their high intrinsic value, gold coins often possess a high numismatic value as well. Few collectors can afford to collect gold coins any deeper than by 20th-century type, and it's a wealthy collector indeed who can afford to collect gold coins before 1900 by type. Only a few of the very wealthiest collectors have attempted to collect gold coins by date, but in the few cases in which the attempt has been made, the results have been spectacular.

If you're not at the top of the economic food chain, you still have several collecting options available to you. A *denomination set* contains only six coins ($1, $2.50, $3, $5, $10, and $20), all of which are affordable in Circulated grades. A *type set* contains one example of each of the different designs used on gold coins. (For type sets, you can stick with one denomination, several denominations, or all of them; the choice is yours.) You can always build a *partial type set* by forgoing the rare, early types and concentrating on the more modern, affordable gold coins. Also, you can collect coins with *mintmarks* from each of the different mints that produced gold coins in the United States (C for Charlotte, North Carolina; D for Dahlonega, Georgia; another D for Denver, Colorado; O for New Orleans, Louisiana; CC for Carson City, Nevada; S for San Francisco, California; and coins with no mintmark from Philadelphia, Pennsylvania). *Proof coins* (high-quality coins made expressly for sale to collectors) are extremely expensive, but you can find lots of interesting *die varieties* (coins with minor but often intriguing differences) and *overdates* (corrected dates stamped over incorrect dates). For a review of grading terms, see Chapter 16.

WARNING

Beware of buying counterfeit gold coins. Buy only coins that have been certified by a reputable grading service, or make sure that you have your new purchases checked out by a competent expert.

TIP

We don't have the room to illustrate every type of gold coin made in the United States between 1795 and 1933. If you get serious about U.S. gold coins, and you want a photograph of each type of coin made, I recommend *A Guide Book of United States Coins*, by R. S. Yeoman (Whitman Publishing), or *United States Coinage: A Study by Type*, by Ron Guth and Jeff Garrett (Whitman) and *Early U.S. Gold Coin Varieties: A Study of Die States 1795–1834* by John Dannreuther (Whitman).

THE HISTORY OF GOLD COINS IN THE UNITED STATES

The first U.S. gold coins were made in 1795, and all those coins are quite rare. Many were exported to other countries or melted down when their metal value exceeded their face value. Before the 1830s, gold was scarce in the United States, so most of the first gold coins were made for private citizens or banks that took their raw gold to the U.S. Mint, where it was converted to coin form.

Many Americans believe that the first big gold discoveries in the United States were made during the California Gold Rush, which began in 1848. The first significant discoveries actually occurred in North Carolina and Georgia, which yielded a beautiful, greenish-yellow gold. Enough gold was found in the 1830s in the southeastern United States to support private mints and America's first two branch mints at Dahlonega, Georgia, and Charlotte, North Carolina. As a result, mintages of gold coins increased dramatically after 1834, and the general public finally had a chance to see and use gold coins on a regular basis.

In 1848, James Marshall discovered gold in the area around Sacramento, California, touching off the famous gold rush that brought riches to the United States — and thousands of emigrants to California. With huge quantities of gold ready to be made into coins, the U.S. Mint added two new denominations: the gold dollar and the large, heavy $20 gold piece (Double Eagle).

Production of gold coins continued until 1933, when President Franklin Roosevelt was forced to respond to the Great Depression by impounding all the gold inside the country, effectively outlawing the ownership of all non-numismatic gold coins. Many of the older-date coins were recalled and melted down, turning some once-common coins into great rarities. Roosevelt was not pleased about what he had to do as president; after all, he was a stamp collector.

$1 Gold Pieces

The smallest official U.S. gold coins are the gold dollars that debuted in 1849. Gold dollars weren't included in the numismatic lineup when the U.S. Mint began producing coins in 1793, perhaps because of the competing silver dollar. When gold was discovered in California, however, Americans got a new coin to add to their change and collections. Most of the early dates in this series were made in large quantities, but beginning in 1857 (and with the exception of 1862), mintages dropped off, and the gold dollar was discontinued in 1889.

Liberty-head gold dollar (1849–54)

With fresh supplies of gold coming in from California, the U.S. government found itself in the luxurious position of being able to add two new denominations: a $1 gold piece and a $20 gold piece (Double Eagle). James Longacre created new designs for both coins that were unlike those being used on other U.S. gold coins. Longacre stuck with a Liberty head for the obverse (see Figure 12-1), but on the reverse, he chose a wreath to surround the denomination. This design lasted only five years.

Although some dates in the series are rare, there's only one excessively rare date to prevent you from completing a set of all dates and mints: the 1849-C Closed wreath. Note the mintmark, the letter *S* below the wreath; this mark tells you that the coin was minted in San Francisco in the first year that mint was open for business.

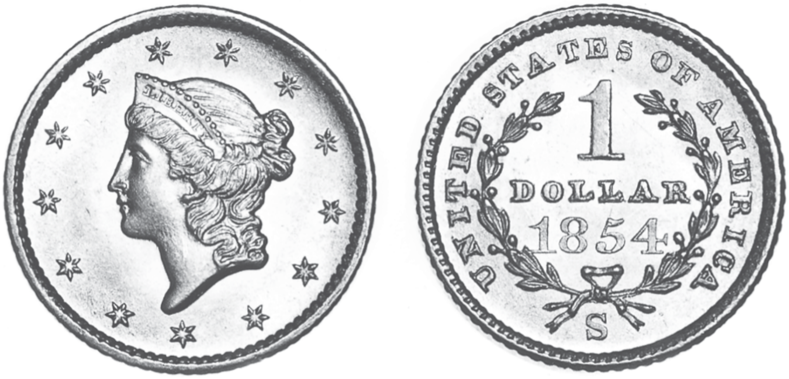

FIGURE 12-1: The Liberty-head gold dollar (Type I).

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Unknown Source / Wikimedia Commons / Public domain

TECHNICAL STUFF

Perhaps the most interesting variation in the series is an 1849 gold dollar from the mint at Charlotte, North Carolina, with a smaller-than-normal wreath on the back. (Collectors know of only five examples.) There's no mention of this coin in the mint reports, and apparently, there's no information about who made it or why it was made in the first place.

Indian-princess gold dollar (1854–89)

Beginning in 1854, James Longacre made the gold dollar larger and thinner, and he planted an Indian headdress on Liberty's head (see Figure 12-2). Considering that Liberty had worn everything from elegant turbans to coronets on earlier coins, a Native American headdress wasn't out of line, especially considering the fact that America was often depicted during the Revolutionary War as a Native American princess. The earliest Indian-princess gold dollars have poorly defined hair details and are scarce in high grades.

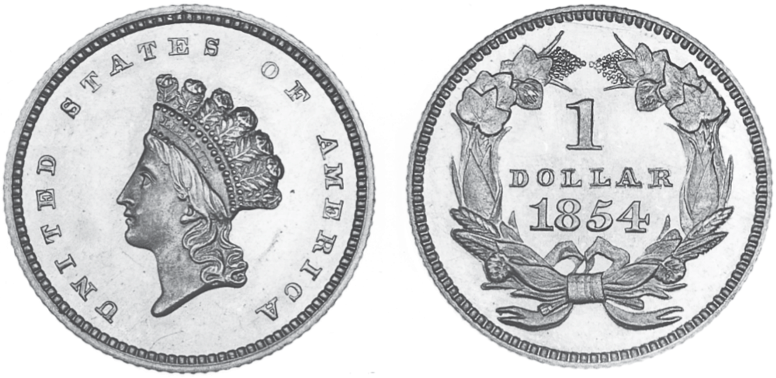


FIGURE 12-2: The Indian-princess gold dollar (Type II).

Heritage Auctions / Wikimedia Commons / Public domain

In 1856, Longacre made one final modification by improving the details and making the headdress a bit larger. All collectors consider this coin to be a separate and distinct type, and it's known as a Type III.

Important dates in this series include the 1861-D (all the coins were made by the Confederacy after it seized the mint at Dahlonega, Georgia, in 1860) and the 1875, of which only 420 coins were made. The series ended in 1889. ***Note:*** No letter or mintmark appears below the wreath, indicating that this coin was made at the Philadelphia Mint in 1854.

$2.50 Gold Pieces

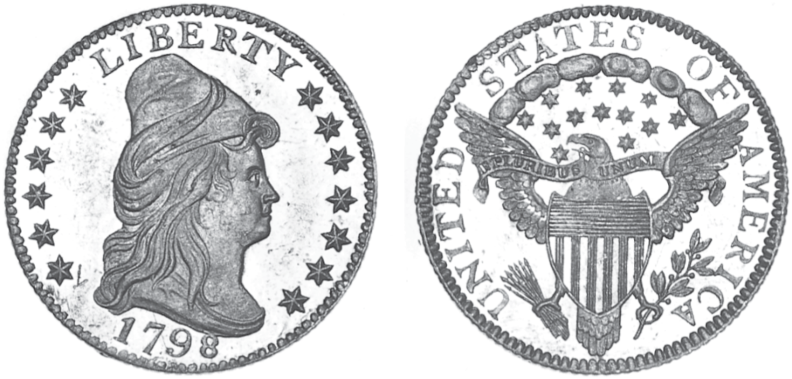
The $2.50 gold piece (Quarter Eagle) first appeared in 1796 and remained an important part of the U.S. monetary system until the last year of issue in 1929. Nevertheless, most of the mintages are small compared with those of many of the larger denominations, resulting in many scarce or rare dates in this series.

What, you ask, is a Quarter Eagle? When the U.S. government created its first money system, the foundation of the silver coins was the silver dollar, and the foundation of the gold coins was a coin called the Eagle. The Eagle represented a value of $10; therefore, a Quarter Eagle was one quarter of an Eagle, or $2.50. Likewise, a Half Eagle represents $5, and a Double Eagle represents $20. Collectors refer to U.S. gold coins both ways, so remember these names, because you'll hear them again.

The $3 gold piece wasn't included in the original debate and didn't appear until 1854. Because of its odd value, you never hear the $3 gold piece referred to as any fraction of an Eagle.

Turban Head $2.50 gold piece (1796–1807)

The first U.S. Quarter Eagles depicted Liberty wearing a cap that looks like a sophisticated turban. This type comes in two major versions: without stars on the obverse and with stars on the obverse (see Figure 12-3). Every date in this series started with a low mintage, and most of the coins were destroyed when the value of their gold exceeded their face value. As rare as the coins are, there are no uncollectible dates in this series, but you'll need a great deal of money if your goal is to collect every date in this type.

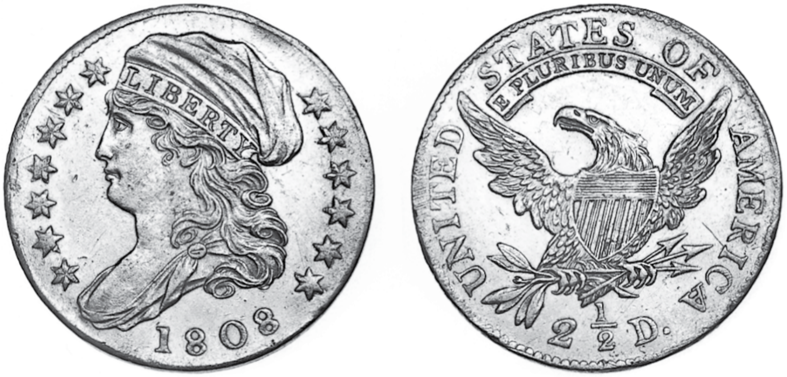


LIBERTY
1798
UNITED STATES OF AMERICA
E PLURIBUS UNUM

FIGURE 12-3: The Turban Head Quarter Eagle.

Capped Bust $2.50 gold piece (1808–34)

In 1808, Liberty took on a more youthful appearance, she began facing left instead of right, and her turban became more like a beret with the word *Liberty* on the headband (see Figure 12-4). A big gap exists between 1808 and 1821, when no Quarter Eagles were produced. The 1808 Quarter Eagle always deserves its own listing as a separate type because by 1821, Liberty's head became smaller, and some of her bustline was omitted. These types are called Capped Head left large size (1821–27) and Capped Head left reduced size (1829–34). Every date in this type is scarce and valuable, ranging from very expensive to outrageously expensive. The most common Quarter Eagle before 1834 has a short mintage of only 6,812.



LIBERTY
1808
UNITED STATES OF AMERICA
E PLURIBUS UNUM
2 ½ D.

FIGURE 12-4: The Capped Bust Quarter Eagle, rare as a date and as a type.

National Museum of American History / Wikimedia Commons / Public domain

Classic Head $2.50 gold piece (1834–39)

On this type, Liberty loses her hat but retains a Liberty ribbon to bind her curly hair (see Figure 12-5). The mintages for this type jumped following the discovery of gold in Georgia and North Carolina, so you can obtain every date in this type for a reasonable price. Even the difficult issues from the Charlotte, North Carolina, and Dahlonega, Georgia, mints are affordable.

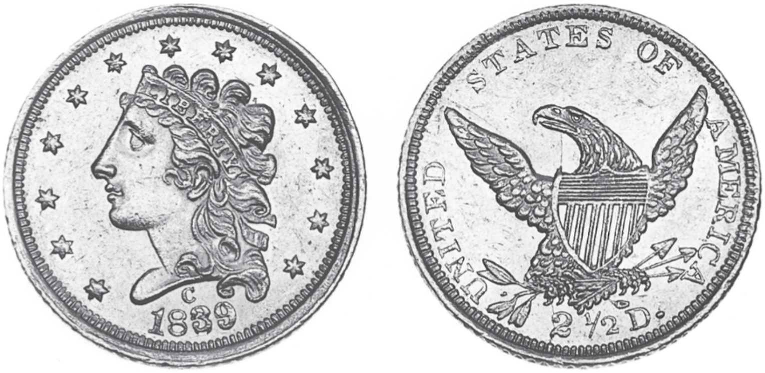


FIGURE 12-5: The Classic Head Quarter Eagle.

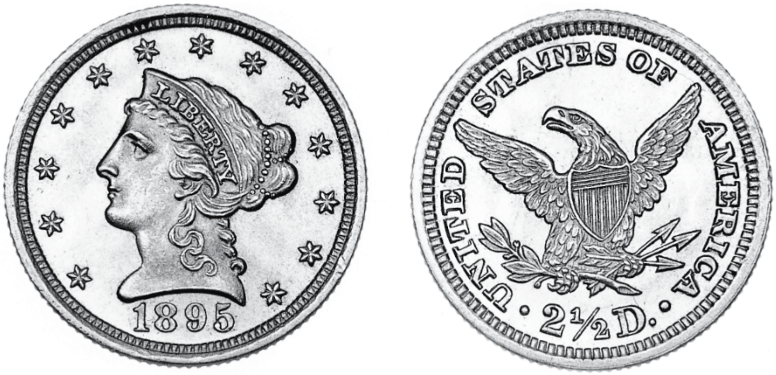
Liberty-head $2.50 gold piece (1840–1907)

In 1840, Liberty received another hairdo; this time, her hair was done up in a bun and the ribbon changed to a Liberty coronet (see Figure 12-6). This series is a lengthy one, made for more than 60 years, so expect a large number of low-mintage dates and expensive rarities in addition to the more common dates. One of the more interesting pieces is the 1848 Quarter Eagle with *Cal.* punched into the reverse of the coin. These special pieces were made at Philadelphia from gold that had come all the way from California. Both 1841 and 1863 were made only as proofs, and the 1854-S Quarter Eagle is one of the great rarities in U.S. numismatics.

Indian-head $2.50 gold piece (1908–29)

One of President Theodore Roosevelt's legacies was the change he instituted on U.S. coins. Roosevelt loved the timeless designs of classical Greek and Roman coins, and he felt that the U.S. designs failed to meet the standards of a great nation. Thus, in 1907, he instituted a wave of change that affected all denominations of U.S. coins by 1916. One of the most interesting changes took place on the $2.50 (see Figure 12-7) and $5 gold coins: The design was stamped into the metal of the coin, or *incused.* (Normally, the designs on coins are raised above the flat surfaces.)

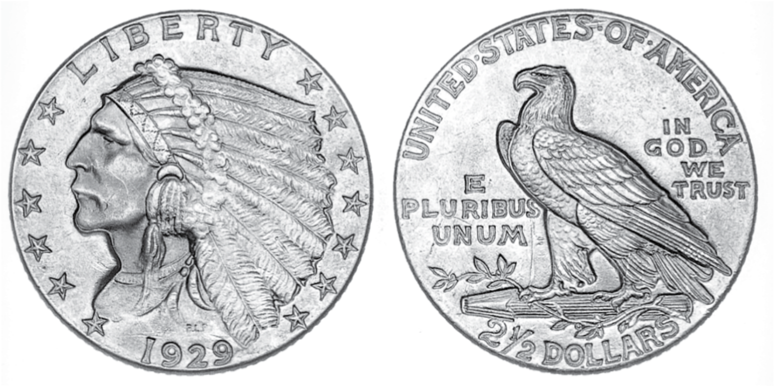
FIGURE 12-6: The Liberty-head Quarter Eagle.


LIBERTY
1895
UNITED STATES OF AMERICA
2½ D.

Heritage Auctions / Wikimedia Commons / Public domain

Unknown Source / Wikimedia Commons / Public domain

FIGURE 12-7: The Indian-head Quarter Eagle.


LIBERTY
1929
UNITED STATES OF AMERICA
IN GOD WE TRUST
E PLURIBUS UNUM
2½ DOLLARS

A complete date and mint set of Indian-head Quarter Eagles contains only 15 coins, all of which are within the means of most collectors. The only key date is the 1911-D, which is expensive because it's desirable and popular but not rare.

$3 Gold Pieces

Yes, it's true — the United States made a $3 gold coin from 1854 to 1889 (see Figure 12-8). At first glance, a $3 denomination seems to be a little unusual, especially because it didn't really fit into the coinage scheme used in the United States. So why was there a $3 coin? The answer lies in the postal rates at the time; the rate for first-class mail delivery was a mere 3¢. Stamps could be bought singly (with a 3¢ piece) or in sheets of 100 (with a $3 gold piece). Unlike today, stamp prices remained stable for long periods; thus, the $3 gold piece was a familiar sight until 1889, when the denomination ended.

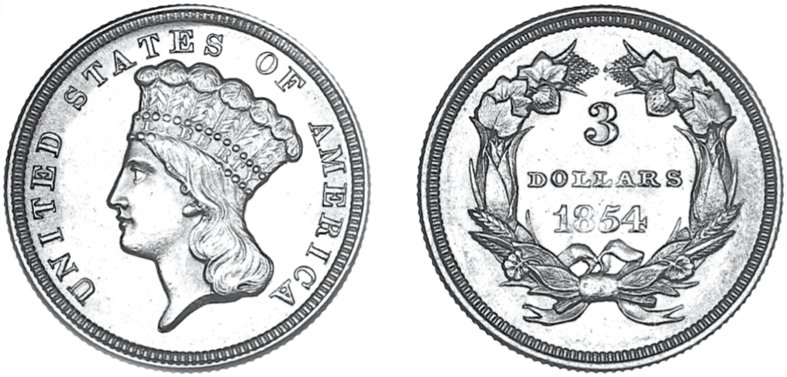


FIGURE 12-8: The $3 gold piece.

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Most $3 gold pieces have low mintages. Three dates — 1873, 1875, and 1876 — were made only as proofs. Then there's the unique 1870-S $3 gold piece, which is one of the most valuable of all U.S. coins.

$4 Gold Pieces

The $4 gold piece was nothing more than a proposed coin design (also known as a *pattern*; see Chapter 14) that never made it to full production stage. It was about the same size and weight as an English sovereign, a French and Belgium 20-franc coin, a German 20-mark coin, an Italian 20-lire coin, and a Russian 20-ruble coin. Four-dollar gold pieces earned the nickname *Stellas* because of the large star that appears on the reverse (see Figure 12-9). Made only in 1879 and 1880, Stellas come in two types for each year: Flowing Hair, in which Liberty's hair flows free, and Coiled Hair, in which Liberty's hair sweeps up in a bun. Because they were patterns, Stellas are extremely rare and out of the reach of most collectors; we mention them here just because they're so beautiful and popular. Also, even coin collectors can dream, right?

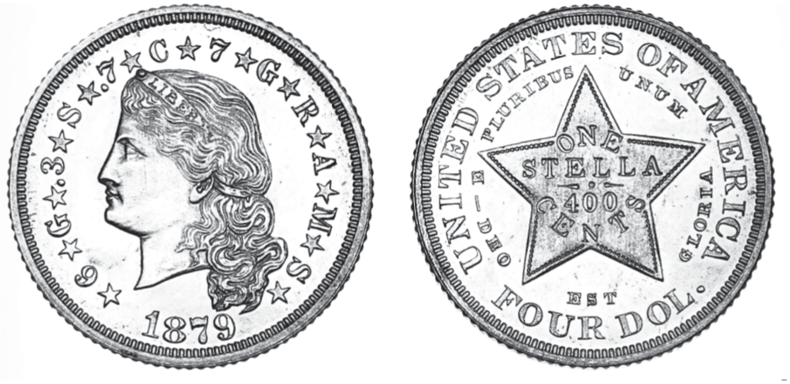

FIGURE 12-9: The $4 gold Flowing Hair Stella.

$5 Gold Pieces

The $5 gold piece (Half Eagle) shares with the $10 gold piece (Eagle) the distinction of being the first gold coin produced in the United States. Half Eagles were made almost uninterruptedly from 1795 to 1929 but weren't produced in 1801, 1803, 1816, or 1817, or from 1917 to 1928. Rare dates in the series include the 1815, 1822 (uncollectible), 1825/4 (only two are known), 1828/7, 1829 large date, 1832 12 stars, 1854-S, the low-mintage 1875, and the proof-only 1887.

Completing a set of the five major types listed in this section is easy, although the first two types tend to be a bit pricy. A meaningful collection of different dates can be built at reasonable prices, but you really need to be a multimillionaire and know that you'll live to be 200 years old before tackling a complete date set.

Turban Head $5 gold piece (1795–1807)

This type is a larger version of the $2.50 gold piece (refer to "$2.50 Gold Pieces" earlier in this chapter) and comes with either a plain eagle or an eagle and shield on the back (see Figure 12-10). In fact, the backs (or *reverses*) of the coins cause some confusion unless you're familiar with some of the practices of the early U.S. Mint. One of the rarest varieties of this type, for example, is the 1798 with a plain eagle reverse. Such a coin isn't even supposed to exist because the plain eagle reverse was last used in 1797. Another puzzler is the 1795 with an eagle-and-shield reverse. This coin was two years ahead of its time; the eagle-and-shield reverse didn't make its first regular appearance until 1797. Experts believe that these unusual coins were made under emergency conditions with dies left over from earlier years. The two major types include Capped Bust right small eagle (1795–98) and Capped Bust right heraldic eagle (1795–1807), the latter of which is shown in Figure 12-10.

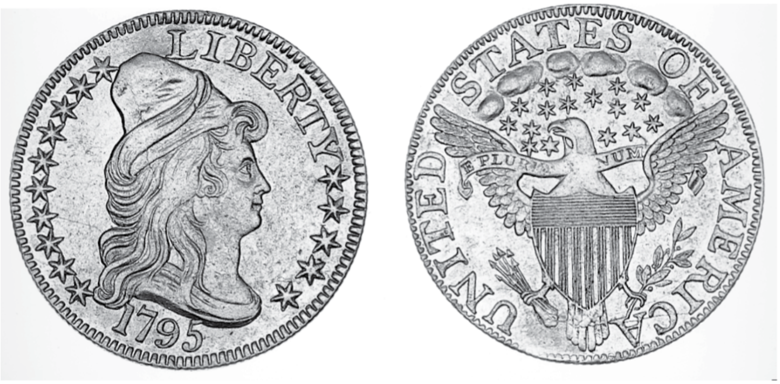

FIGURE 12-10: The Turban Head Half Eagle.

Turban Head Half Eagles tend to be expensive because, like the Quarter Eagles, most were melted down for their metal value, which often exceeded the face value. You can build date sets without much problem, but be aware that if you plan to build a set that includes major die varieties, the 1798 plain eagle reverse will stop you dead in your tracks.

Capped Bust $5 gold piece (1807–34)

Don't let this relatively short series fool you; stuck between many of the common dates (see Figure 12-11) are some of the most revered and most valuable U.S. coins. Only three 1822 Half Eagles are known, and only one was available last year in the Pogue sale after more than 30 years. The 1825/4 overdate is known by only two examples, but (fortunately) collectors have an alternative in the far less expensive 1825/1 overdate. The 1829 large date is extremely rare; the 1815 has an extremely low mintage; and for some reason, the higher-mintage 1819 is a rare coin as well. Despite the daunting challenges, you can still purchase nice examples of this type for relatively reasonable prices. The three major types are Capped Bust left (1807–12), Capped Head left large size (1813–29), and Capped Head left small size (1829–34).

Classic Head $5 gold piece (1834–38)

The design on this type (see Figure 12-12) matches that of the 1834 to 1839 Quarter Eagle, but the mintages are substantially higher, making a complete set both possible and affordable. Coins made in the first two years have a slightly different head from those made in the second two years. Even the scarcer 1838 coins from the Charlotte, North Carolina, and Dahlonega, Georgia, mints are affordable.

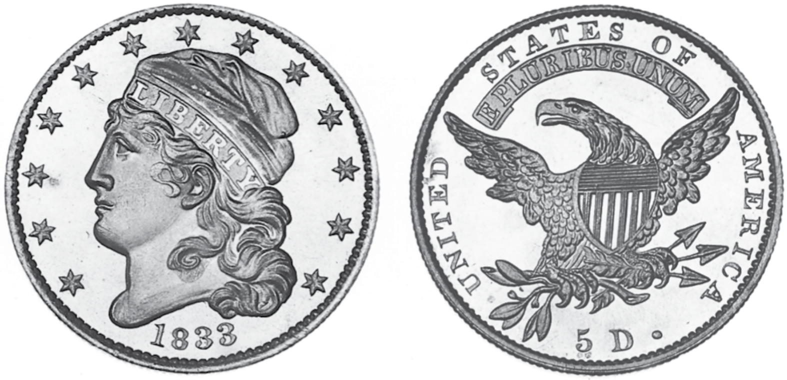
LIBERTY
1833
UNITED STATES OF AMERICA
E PLURIBUS UNUM
5 D.

FIGURE 12-11: The Capped Bust Half Eagle.

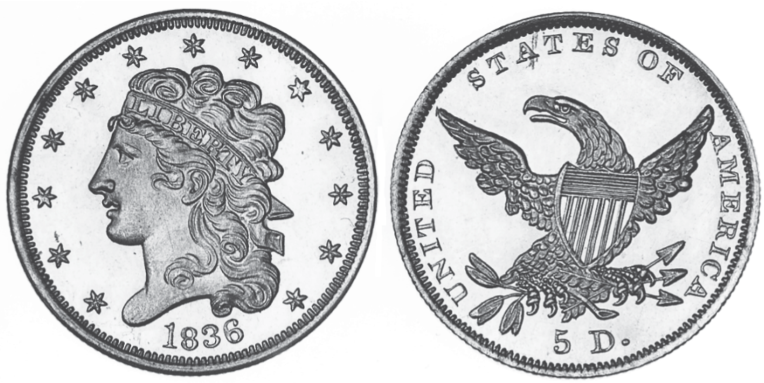
LIBERTY
1836
UNITED STATES OF AMERICA
5 D.

FIGURE 12-12: The Classic Head Half Eagle.

Liberty-head $5 gold piece (1839–1908)

Three basic variations of this coin were struck over a 70-year period: the Type of 1839 no motto (1839); the Type of 1840 no motto (1839–66), shown in Figure 12-13; and the with motto type (1866–1908). The Liberty-head Half Eagle presents the challenge of a lifetime. Here are some of the highlights in this wonderful series:

- **1841-O:** This coin is listed in U.S. Mint reports but has never been seen. Most major numismatists don't believe that it was ever made.
- **1854-S:** Only 268 coins were made, 3 or 4 of which survive.
- **1861-D:** Some coins were made after Confederate forces seized the Dahlonega (Georgia) Mint in 1861.

- **1875:** A total 200 coins were made for circulation, along with 20 proofs, but the business strikes are actually rarer than the proofs; in any case, all these coins are extremely rare.
- **1887:** Only 87 coins were made, all of them proofs.

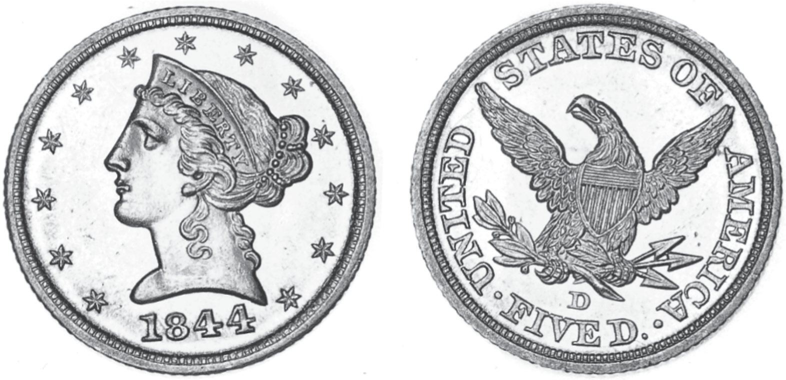

FIGURE 12-13: The Liberty-head Half Eagle.

You face another challenge in trying to collect the highest possible condition. Many dates don't exist in Uncirculated condition and are extremely rare in Extremely Fine or better condition, and some dates are rare above Very Fine. You could spend a lifetime (and the earnings of a lifetime) just upgrading and trying to complete this set, but you'd have an awful lot of fun trying.

Indian-head $5 gold piece (1908–29)

This type (see Figure 12-14) is one of only two U.S. coins with an incused design. (The Indian-head Quarter Eagle is the other.) The best way I can think of to explain what *incuse* means is to compare it with belly buttons. Belly buttons that poke in are *innies*, and those that poke out are *outies.* The designs on most coins are outies, but the design on this one is an innie.

Every date in this series is affordable except for one. The 1929 is scarce, which means that you can find it, but specimens start at several thousand dollars and go up from there.

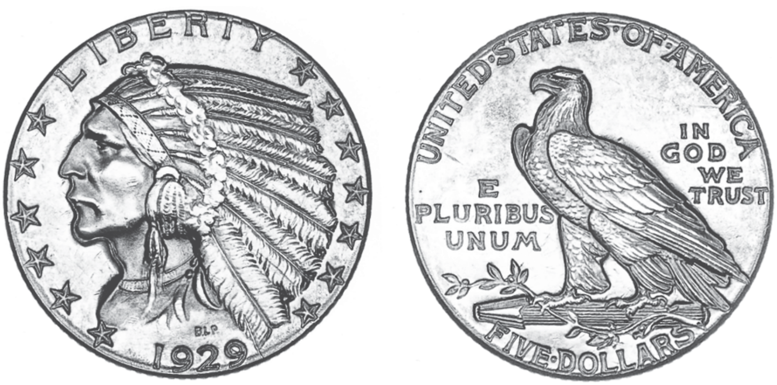

FIGURE 12-14: The Indian-head Half Eagle.

$10 Gold Pieces

The $10 gold piece (Eagle) is the bedrock of U.S. gold coins. When the government first devised a list of coins for production, the Eagle was chosen as the flagship gold coin; most other gold coins were either fractional or multiple versions of the Eagle. The $2.50 gold piece, for example, was known as a Quarter Eagle; later, the $20 gold piece was known as the Double Eagle. Even though the Eagle was considered to be important, no coins were produced between 1804 and 1838. Many of the dates are downright scarce or rare because so few Eagles were made in some years.

Turban Head $10 gold piece (1795–1804)

The $10 gold piece was the highest-value coin made in the United States until the $20 gold piece (Double Eagle) debuted decades later. All the dates in the Turban Head Eagle series (see Figure 12-15) are expensive coins that sell for four to five figures. One expensive coin is the 1804 Eagle with a plain 4 in the date (in proof form); this rare coin was made around 1834 to go in the special presentation sets that included the extremely rare 1804 silver dollar. The coin comes in two basic types: Capped Bust to right small Eagle (1795–97) and Capped Bust to right large Eagle (1797–1804), shown in Figure 12-15.

Liberty-head $10 gold piece (1838–1907)

Considering the number of decades over which the Liberty-head $10 gold piece (see Figure 12-16) was made, you may think that a date set would be just as impossible to complete as a date set of Liberty-head Half Eagles. Surprisingly, this isn't the case as long as you collect Circulated examples of the various dates, because most dates simply don't exist in Uncirculated grades. You have fewer coins with which to contend, because no Eagles were produced at the Charlotte and Dahlonega mints. Also, the only super-expensive coin in this set is the 1875. There are no mega-rarities and no proof-only issues. The three basic types are the Type of 1838 no motto (1838–39); the Type of 1840 no motto (1839–66); and the with motto (1866–1908), shown in Figure 12-16. Hmm — should you go for it?

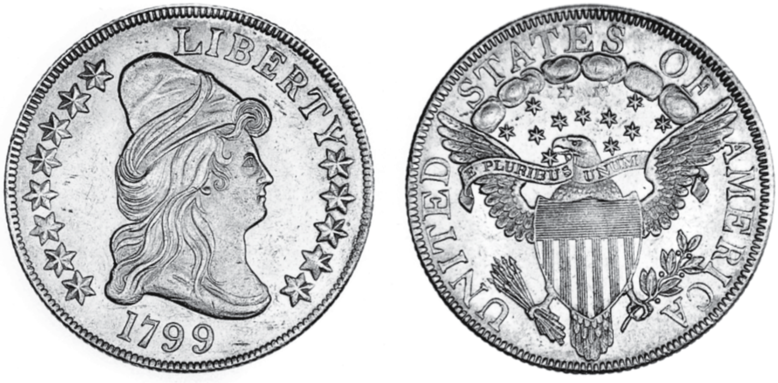

FIGURE 12-15: The Turban Head Eagle.

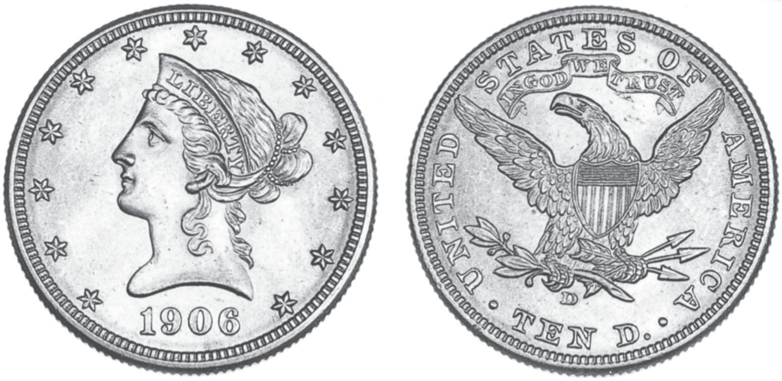

FIGURE 12-16: The Liberty-head Eagle.

Indian-head $10 gold piece (1907–33)

As part of his campaign to beautify U.S. coins, President Theodore Roosevelt hired the renowned sculptor and artist Augustus Saint-Gaudens to revise the $10 and $20 designs. For the $10 gold piece, Saint-Gaudens borrowed from the design on the then-current cent and portrayed Liberty wearing an Indian headdress (see Figure 12-17). The back of the coin features a striking American eagle perched atop a bundle of arrows. Although Saint-Gaudens is best known for his work on the $20 gold piece (which happens to be named after him), his Indian-head $10 design is a candidate for the most beautiful U.S. coin ever produced. This coin comes in two types: with no motto and with the motto *In God We Trust* (shown in Figure 12-17).

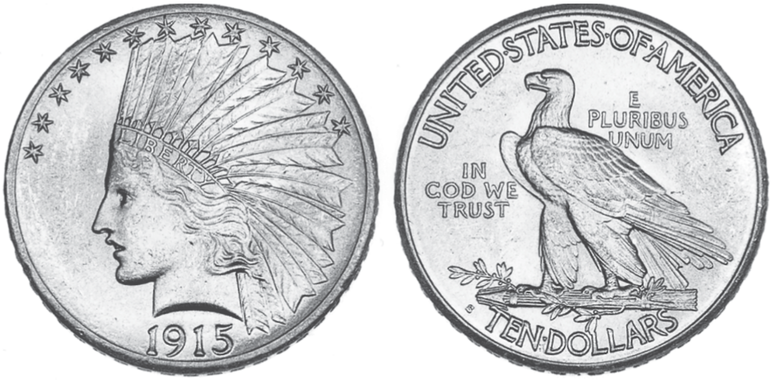

FIGURE 12-17: The Indian-head Eagle.

From a collecting standpoint, the 1933 is the only rare date. How rare, you ask? One hasn't sold for less than $300,000 in 15 years.

$20 Gold Pieces

The $20 gold piece (Double Eagle) is a big chunk of gold. Each coin contains almost a full ounce of pure gold. Over the years, the U.S. Mint made millions of Double Eagles, requiring a huge supply of gold. Fortunately, the United States had been blessed with an abundant supply of the beautiful yellow metal, but that wasn't always the case. In fact, until gold was discovered in California, the Double Eagle was just a dream. Today, the glittering golden Double Eagle is still a collector's dream.

Liberty-head $20 gold piece (1849–1907)

The Liberty-head Double Eagle was designed in 1849 and first appeared in commerce in 1850 following the discovery of gold in California. So much gold was found, and the need for coins was so great, that the U.S. government decided to create two new denominations: a $1 gold piece and a Double Eagle. The new Double Eagle features a head of Liberty on the obverse and a large eagle and shield on the reverse (see Figure 12-18).

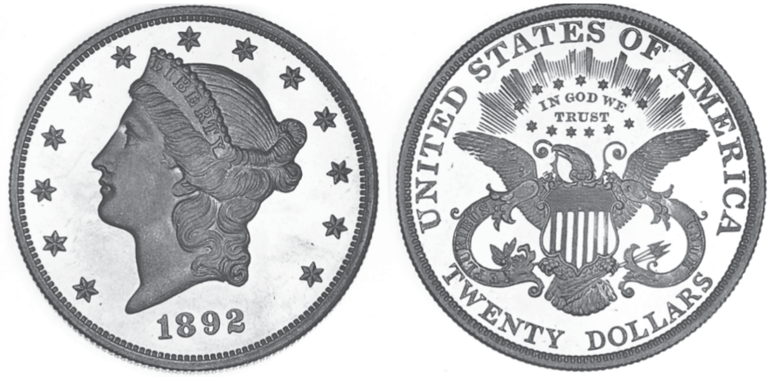
FIGURE 12-18: The Liberty-head $20 gold piece.

Many dates sell for only a slight premium over their metal value, so collectors find them appealing to collect. Here are some of the highlights and some tough dates in the series:

- **1849:** Technically a pattern issue of which at least two were made (see Chapter 14) and currently believed to be unique, with the single known example being in the National Numismatic Collection at the Smithsonian Institution
- **1854-O:** Infrequently seen, perhaps a dozen known
- **1856-O:** Infrequently seen, fewer than a dozen known
- **1861 Paquet reverse:** An extremely rare coin made only one year at both Philadelphia (two known) and San Francisco (rare) ,with the designs on the back modified by a mint engraver named Anthony Paquet
- **1870-CC:** Infrequently seen, perhaps 12 or 18 known
- **1882, 1883, and 1884:** Struck only in proof condition

Like most of the Liberty-head gold coins of other denominations, the Liberty-head Double Eagle series contains many rare dates and *condition rarities* (coins that are common in low grades but extremely rare in high grades). This coin comes in three types: Type I, or no motto (1849–66); Type II, or $20 with motto (1866–76); and Type III, or $20 with motto (1877–1907), shown in Figure 12-18.

Saint-Gaudens $20 gold piece (1907–33)

Beautiful, beautiful, beautiful — these are the words to describe the design on the Double Eagle created by Augustus Saint-Gaudens in 1907 (see Figure 12-19). Fortunately for collectors today, a high percentage of the original mintages still exists. Many Saint-Gaudens Double Eagles ended up in storage in European banks;

over the years, they've filtered back to the United States. Thus, a common Saint-Gaudens Double Eagle can almost be considered to be a bullion coin, as the premium over the face value is small in many cases. Other dates remain great rarities, however, despite high original mintages. Could they still exist, hidden away in some bank vault somewhere? This coin comes in two varieties: without a motto and with a motto, as shown in Figure 12-19.

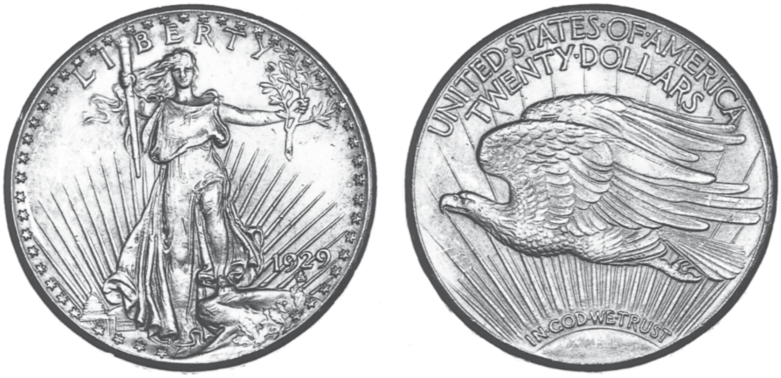

FIGURE 12-19: The Saint Gaudens $20 gold piece.

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The following highlights set the hearts of many collectors aflutter:

- **1907 extremely high relief:** The first design efforts by Saint-Gaudens featured an unusually high relief (or ultra high relief, as it's sometimes called), meaning that the distance between the highest and lowest points of the coin was greater than usual. The result is stunning. Because of the extra amount of time and effort required to make the coin, however, mint engravers lowered the relief before any coins were made for circulation, adding extreme rarity to these early versions. Perhaps a dozen or so are in existence today, in several varieties. This coin is also known as perhaps the only coin that James Halpern (co-founder of Heritage Auctions) ever sold at a loss.
- **1907 high relief:** The modified version was nearly as impressive as the extremely high relief because the depth of the details was still greater than on any other coins struck for circulation. The U.S. Mint made slightly more than 11,000 high reliefs before throwing in the towel and flattening the design even further. As popular as the Saint-Gaudens Double Eagles are, collectors love the 1907 high relief best.
- **1920-S:** An expensive date when it shows up.
- **1921:** Elusive and expensive.
- **1927-D:** A big mintage, but hardly any coins are known to exist, perhaps eight or ten, but not more. Were they all melted down?

- **1930-S:** Rare.
- **1931:** Tough and expensive.
- **1931-D:** Expensive when seen.
- **1932:** Expensive when seen.
- **1933:** The 1933 Double Eagle (shown in Figure 12-20) was made in large quantities, but at the last minute, the government decided not to place the coins in circulation. Instead, it destroyed the entire production, except for a few pieces that slipped out or were taken illegally by U.S. Mint employees, as well as two specimens donated to the Smithsonian Institution. Thus, the 1933 Double Eagle has been illegal to own for many years.

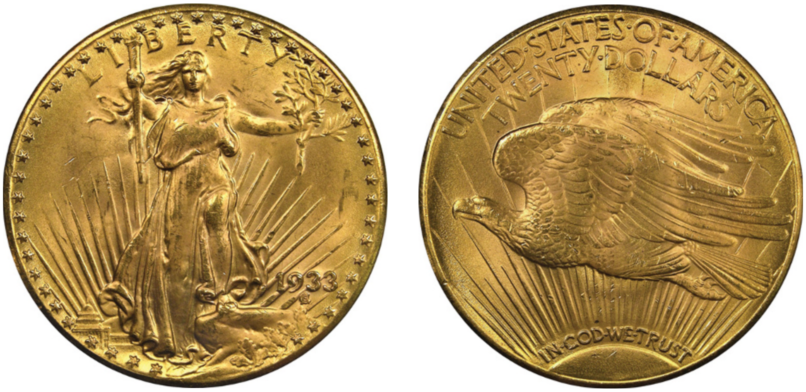

FIGURE 12-20: 1933 Double Eagle.

Heritage Auctions / Wikimedia Commons / Public domain

Just recently, the one legal, non-Smithsonian example was sold at public auction for $19 million, and ten more coins were voluntarily turned over to the U.S. Treasury by the granddaughter of the owner. The ownership of these coins was being disputed in court, and the government won, keeping the coins. One is on the list of the most expensive coins ever sold.

IN THIS CHAPTER

- Commemorating events with coins
- Perusing commemoratives from the early years to modern times
- Looking at the 50 State Quarters program
- Getting some tips for collecting commemoratives

Chapter 13

Commemoratives: Raising Money with Money

Commemorative coins are coins with stories. Stories not only make a coin interesting, but also tell the collector something about U.S. history. Commemorative coins have a direct connection to famous people, places, and events. U.S. commemorative coins offer glimpses of history, fame, and positive virtues, shown by a variety of purely American images, icons, and designs. For collectors, commemoratives are some of the most appealing and popular coins.

The big news for commemorative coin collectors in recent years has been the 50 State Quarters program, begun by the U.S. Mint in 1999. Check out the "50 State Quarters" section near the end of this chapter for more information on this series, and join the millions of new coin collectors who discovered coin collecting because of this innovative program.

Commemorate This!

The basic reason for a commemorative coin's existence is to raise money for whatever purpose the coin commemorates. U.S. commemoratives have been used to raise money for expositions, monuments, Olympics competitions, and other important issues.

Virtually all U.S. commemorative coins share the following characteristics, although plenty of exceptions exist:

- They're made to honor a person, place, organization, or event.
- They're made to raise money.
- They're short-lived, usually appearing only once.
- They're not intended to circulate as money.

Although the United States has made commemorative coins since 1892, in this chapter, I segregate them into three fairly distinct time periods: 1892 to 1934, 1934 to 1954, and 1982 to the present.

The Early Years (1892–1934): Commemoratives Under Control

The first U.S. commemorative coins were struck in conjunction with the World's Columbian Exposition in 1892 and 1893. The fundraising made possible by the early commemorative coins was fairly straightforward. An organization would estimate how many coins it could sell; the U.S. Mint would strike up the requested amount; and the organization would sell as many as possible, returning the unsold coins to the Mint to be destroyed. The coins were made over a period of two years.

From 1892 to 1934, commemorative coins were issued sporadically, often with long gaps between issues. Great thought was given to proposals for commemorative coins during the early years, and permission to produce the coins was given only in cases of great merit. The fact that four different commemorative coins were produced in 1925 is more a coincidence than an abuse of the system.

In this section, I introduce you to some of the most interesting commemorative coins issued during this period. These coins have the best stories, in my opinion. The following list is by no means complete, however.

TECHNICAL STUFF

American collectors recognize the 50 commemorative types comprising 144 issues from 1892 to 1954 as *classic commemorative coins;* all the later issues are called *modern commemorative coins.* Any modern coin catalog or price guide contains a complete listing of all the issues, usually with their mintages and sometimes prices as well:

- **Isabella quarter dollar:** Issued in 1893 along with the Columbian Exposition half dollar for sale at the exposition. The Isabella quarter (see Figure 13-1) is the first coin to depict an actual woman followed by Susan B. Anthony (see Chapter 11 for her special coin).
- **Lafayette dollar:** The Marquis de Lafayette was a friend of George Washington's; he fought on the American side during the Revolutionary War. In 1900, a commemorative silver dollar was issued to help raise money for a proposed Lafayette statue that appears on the back of the coin.
- **Jefferson and McKinley gold dollars:** Gold dollars were struck in 1903 to raise funds for the Louisiana Exposition, celebrating the 100th anniversary of the Louisiana Purchase.
- **Lewis and Clark Exposition gold dollars:** These dollars were made in 1904 and 1905 to raise funds for the 1904 Lewis and Clark Exposition. Their guide, Sacagawea, didn't get a coin of her own until 2000.

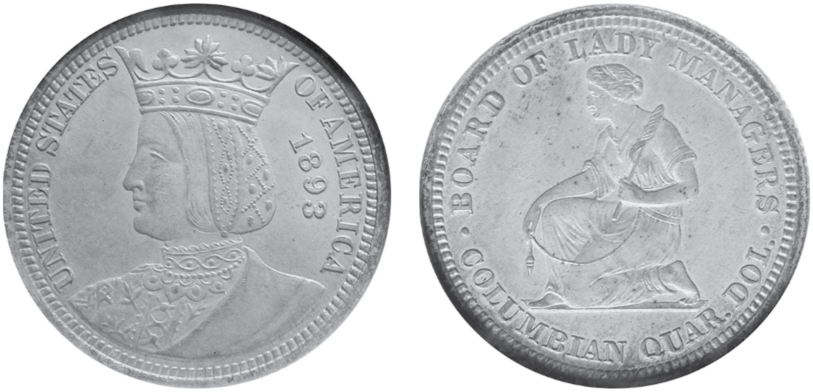

FIGURE 13-1: The Isabella quarter.

- **1915 Panama-Pacific Exposition coins:** This huge exposition celebrated the opening of the Panama Canal. A variety of coins and sets were issued. You can choose among a half dollar, a gold dollar, a Quarter Eagle ($2.50), and two huge $50 gold pieces (one round, one octagonal). Because of their high face value, very few of the $50 gold pieces were sold, making them rarities today.
- **McKinley gold dollars:** These coins were struck in 1916 (the 15th anniversary of William McKinley's assassination) and 1917 to raise money for the presidential birthplace memorial in Niles, Ohio.
- **Lincoln/Illinois half dollar:** This coin was struck in 1918 to raise money for statewide celebrations of the 100th anniversary of Illinois statehood. Honest Abe Lincoln appears on the front of this coin.
- **Maine half dollar:** This coin was struck in 1920 to raise funds for Maine centennial celebrations.
- **Pilgrim half dollars:** These coins were struck in 1920 and 1921 to celebrate the 300th anniversary of the landing of the Pilgrims in what would become the United States.
- **Missouri half dollars:** These coins were struck in 1921 to honor Missouri's 100th birthday (see Figure 13-2). The rarer of two types has a *2* and a *4* separated by a star on the left side of the front of the coin, symbolizing the admission of Missouri as the 24th state.
- **Alabama half dollars:** These coins were struck in 1921 on the occasion of the 100th anniversary of Alabama's becoming a state. Some Alabama half dollars come with a small *2x2* in the right field on the front of the coin, recognizing Alabama as the 22nd State. (The *x* was placed there as a spacer.)

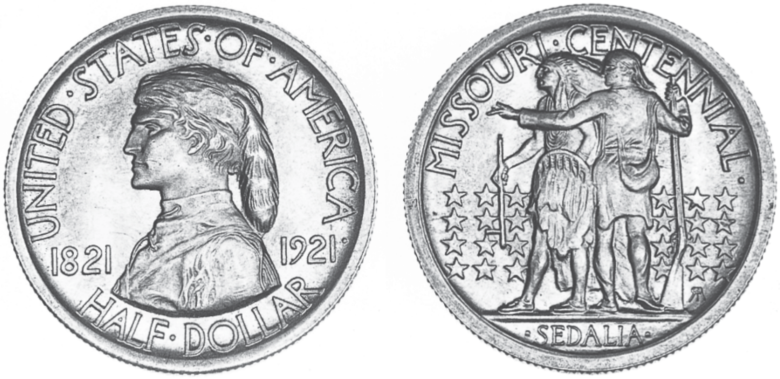

FIGURE 13-2: The Missouri half dollar.

- **Grant Memorial coins:** These coins include half dollars and gold dollars struck in 1922 to celebrate the 100th anniversary of President Ulysses S Grant's birth and to raise money for various Grant-related projects. Some coins come with a small star on the front of the coin just above the word *Grant.* What's it for? No one knows.
- **Monroe Doctrine half dollar:** Talk about scraping the bottom of the barrel for something to commemorate: 1923 was the 100th anniversary of the Monroe Doctrine.
- **Huguenot-Walloon half dollar:** This coin was struck in 1924, 300 years after a Dutch ship brought a group of Huguenots to the New World to escape religious persecution in Europe.
- **Stone Mountain half dollar:** Outside Atlanta is a mountain of granite that seems to be completely out of place. It's known as Stone Mountain and is a popular tourist spot. The mountain bears a huge sculpture of Confederate generals Robert E. Lee and Stonewall Jackson, made by Gutzon Borglum, the same man who eventually sculpted the Mount Rushmore monument. In 1925, half dollars were made to publicize Borglum's Herculean effort.
- **Lexington-Concord half dollar:** On April 19, 1775, colonial minutemen at Lexington and Concord in Massachusetts fired the "shot heard 'round the world" and began the Revolutionary War. Struck in 1925, this coin commemorated the 150th anniversary of this historic event and helped to raise money for local celebrations.
- **Fort Vancouver half dollar:** In 1925, the fort that eventually became the city of Vancouver, Washington, celebrated its centennial. All the Fort Vancouver half dollars were minted in San Francisco, but the mintmark was left off the coins.
- **California half dollar:** This coin was struck in 1925 to commemorate the 75th anniversary of California's statehood. The obverse of the coin shows a forty-niner panning for gold; the reverse of the coin shows an impressive grizzly bear.
- **Sesquicentennial half dollar and Quarter Eagle:** Here's an event into which all Americans could sink their teeth: the 150th anniversary of the signing of the Declaration of Independence. The U.S. Mint celebrated the occasion with coins of silver and gold. The silver version features the Liberty Bell on the reverse; the Quarter Eagle displays Independence Hall.
- **Oregon Trail half dollars:** These coins were first struck in 1926 to raise money for the Oregon Trail Memorial Association. Although they're listed in the section of early commemoratives, Oregon Trail half dollars were made as late as 1939, at which time they were subjected to the same abuses as the other commemoratives of the period (see the following section).

- **Vermont half dollar:** This coin was struck in 1927 on the 150th anniversary of the Battle of Bennington to raise money for Vermont museums and celebrations. Collectors who like coins with animals love this coin because of the mountain lion on the back.
- **Hawaiian half dollar:** This coin was struck in 1928, 150 years after Captain Cook "discovered" the Hawaiian Islands. The reverse of the coin has a neat depiction of a native Hawaiian chieftain (see Figure 13-3).
- **Maryland half dollar:** The first settlers arrived in Maryland in 1634, 300 years before this coin was issued (in 1934). The front of the coin shows Cecil Calvert, the founder of Maryland; the back of the coin depicts his coat of arms.

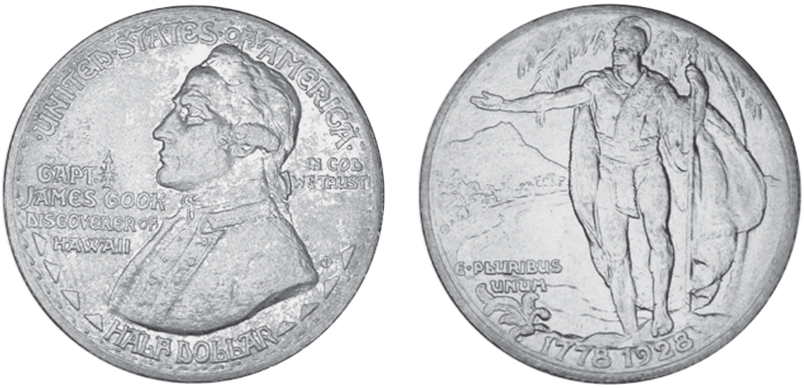

FIGURE 13-3: The Hawaiian half dollar.

The Age of Abuse (1934–54): Commemoratives Out of Control

As fundraisers, commemorative coins were pretty straightforward. If you were a member of a group that was trying to raise money, you could go to Congress with an idea for a commemorative coin. If Congress felt that your proposal had merit, it approved a law directing the U.S. Mint to make the coins on your group's behalf. Then you could presell the coins by subscription, take delivery of the coins, and begin marketing them to the general public, or sell the entire batch to a single dealer or distributor who in turn would sell them to the public. Your group's profit would be the difference between what the U.S. Mint charged you (usually, face value) and what you sold the coin for. If you sold a commemorative half dollar for $1, for example, your profit would be 50¢ on each coin.

If your group could persuade Congress to do any of the following things, however, you could vastly increase your profits:

- Allow coins to be made at all three mints (Philadelphia, Denver, and San Francisco), creating three different coins to sell to collectors, potentially tripling your earnings.
- Continue making your commemorative coin year after year, increasing your profit potential dramatically.
- Create rarities by reducing the mintages to low levels, allowing you to charge more for the coins and increasing your profits dramatically. You could also create a rarity and then sell the entire mintage to a single buyer, locking in a nice profit and leaving all the work to someone else. If the single buyer wanted to, they could raise the price to whatever level the public would pay.

These scenarios actually took place, beginning with some of the 1934 commemorative issues. The abuses and manipulations led to a public outcry that stifled commemorative-coin production for many years. Only in recent years has the commemorative spigot been opened again. Now the U.S. Mint keeps a wary eye on the balance between creating enough commemorative coins and producing too many.

Following are some of the most interesting commemorative coins from the period between 1934 and 1954:

- **Oregon Trail half dollar (see Figure 13-4):** Wait a minute — wasn't this coin listed in the preceding section? Sure it was. I list this coin again here because it illustrates the abuses that entered the system. The anniversary year was 1926, yet the Oregon Trail Memorial Association received permission to have coins made two years later in 1928 and then again in 1933, 1934, 1936, 1937, 1938, and even as late as 1939. Come on — how much money did this group need 13 years after the first ones were struck? All the later issues have very low mintages, and almost all were bought up by speculators or sold at inflated prices.
- **Texas centennial half dollar:** Struck from 1934 to 1938, the mintages declined steadily each year, and most of the coins went to speculators.
- **Arkansas centennial half dollar:** Technically, a state can have only one centennial celebration, but Arkansas milked its centennial for all it was worth, issuing half dollars from 1935 to 1939. Even worse, the back of one of the 1936 issues shows the head of Senator Joseph Robinson, a violation of the tradition forbidding the use of a living person's image on a U.S. coin.

- **San Diego half dollar** (see Figure 13-5)**:** The promoter tried to double the price of the 1936 version from $1.50 to $3 in one year, so this coin fits the pattern of abuses of this time period.

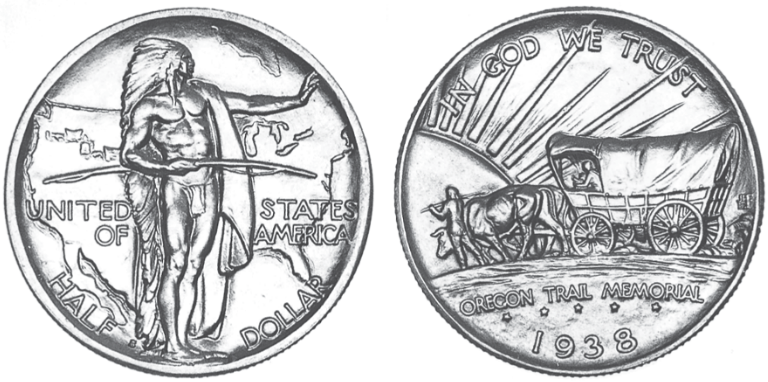
UNITED STATES OF AMERICA
HALF DOLLAR
IN GOD WE TRUST
OREGON TRAIL MEMORIAL
1938

FIGURE 13-4: The Oregon Trail half dollar.

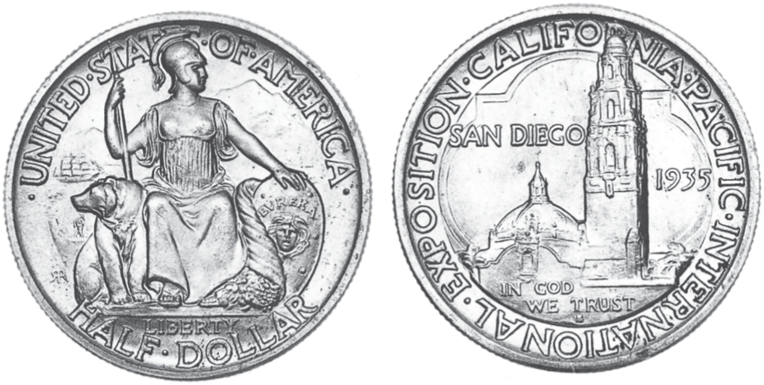
UNITED STATES OF AMERICA
EUREKA
LIBERTY
HALF DOLLAR
CALIFORNIA PACIFIC INTERNATIONAL EXPOSITION
SAN DIEGO
1935
IN GOD WE TRUST

FIGURE 13-5: The San Diego half dollar.

By 1939, the U.S. government had received so many complaints from dealers and collectors about the abuses in the commemorative coin program that it halted the production of all old and new commemorative coins. It wasn't until 1946 that the program was revived, when half dollars commemorating Iowa's statehood and Booker T. Washington were issued. The Iowa coin was made for only one year. The Booker T. Washington half dollar was made every year until 1951. Next was the Booker T. Washington/George Washington Carver coin, which lasted until 1954, when the commemorative program was effectively laid to rest for nearly 30 years.

Modern Commemoratives (1982–present): Money Coins

In 1982, George Washington would have been 250 years old, so it was time once again to strike up the band and strike a new commemorative coin to honor the occasion. In reality, this coin was the U.S. Mint's toe-in-the-water test to see how the public would respond to a new commemorative-coin program. Except for 1985, the mint has produced commemorative coins for collectors each year since then. Mintages have increased, and so have the number of coins made each year — so many that the average collector can no longer afford to collect every possible date set/mint set/type set option.

For this reason, we call modern commemoratives *money coins:* They're expensive compared with their face value, but if you have enough money, you can get all you want. The U.S. Mint has even reinstituted the practice of making gold commemorative coins, further adding to the collector's pain (in the wallet).

Topics featured on modern commemorative coins include the following:

- **Statue of Liberty:** The statue appeared in 1986 on a copper–nickel half dollar, a silver dollar, and a $5 gold piece.
- **200th anniversary of the U.S. Constitution:** This event was commemorated in 1987 on a silver dollar and a $5 gold piece.
- **Dwight D. Eisenhower:** Ike appears twice on the front of this 1990 silver dollar.
- **Christopher Columbus:** The explorer was honored in 1992 on copper–nickel half dollars, silver dollars, and $5 gold pieces.
- **Sports:** Sports including soccer, gymnastics, baseball, basketball, and swimming are honored on modern U.S. commemorative coins.
- **War:** The Civil War, World War II, the Korean War, and the Vietnam War have all been subjects of modern U.S. commemoratives.

In 2013, the U.S. Mint issued the 5 Star Generals commemorative to commemorate the ten men who became full generals during WWII.

In 2016, the U.S. Mint issued a $1 commemorative honoring Mark Twain and a $1 commemorative honoring The National Park Service.

Circulating Commemoratives

Commemorative coins usually have low mintages because they're made for sale at a premium to coin collectors. Thus, the general public remains unaware of the coin and whatever message it seeks to convey unless they spend the money to buy it.

Wouldn't it be wonderful if the United States came up with a circulating commemorative coin that everyone could see; that could be purchased for its face value; and that anyone, even little kids, could afford to own? That way, everyone could get the message by seeing what the coin has to say.

Governments around the world have come to understand the value of circulating commemorative coins. Even in ancient times, Romans used coins as a way to celebrate military victories or announce a new ruler (see Chapter 5). Germans produced many circulating commemorative coins, becoming especially prolific from 1871 to 1939. But the United States rarely embraced the idea of a circulating commemorative coin until recently.

50 State Quarters

In 1999, the U.S. government began the 50 State Quarters program, an ambitious plan to issue five quarter dollars each year over a ten-year period. Each U.S. state has its own special quarter dollar, to be issued in the order in which the states were added to the union. To date, all 50 states, territories, and state parks have been represented. The coins were made in large quantities and were placed in circulation at their face value, making them available to anyone in the general public. In keeping with traditional U.S. capitalism, the coins were also available in special collector sets in Uncirculated and proof condition for sale at a premium (of course).

The U.S. Mint may have chosen the quarter-dollar denomination for this program because of its experience with the Washington-head quarter. First issued in 1932, the quarter was supposed to be a one-year commemorative coin to honor George's birthday, but it proved to be so popular that the U.S. Mint has made it every year since 1934. In 1976, the U.S. Mint made a special quarter to commemorate the 200th birthday of the United States, so ample precedent exists in the quarter series to justify the program. The program was largely a success but interest waned after time.

Tips for Collecting Commemoratives

U.S. commemorative coins offer the collector a variety of interesting designs and stories. When you're ready to jump into this fascinating area of collecting commemoratives, keep in mind that collecting by type is the least expensive way to collect commemorative coins. If you've seen one Oregon Trail half dollar, for exam[le, you've seen them all, so there's no real need to collect every date and mintmark. Choose among the following type listings:

- **Premodern silver commemoratives (1892–1954):** One quarter dollar, 48 half dollars, and one dollar. This set is reasonably priced; even a Choice Uncirculated set sells for less than $20,000.
- **Early gold commemoratives (1903–26):** Five gold dollars, two Quarter Eagles, and two $50 gold pieces. The two $50 gold pieces are very rare, making this set an expensive proposition at perhaps $100,000 (or, without the $50 coins, about $12,000).
- **Modern commemoratives (1982–present):** Half dollars, dollars, Quarter Eagles, Half Eagles, and so on.

TIP

If you're interested in obtaining modern U.S. commemorative coins, be sure to join the U.S. Mint's mailing list to receive advance notice of new issues. For information on U.S. Mint products, write to the U.S. Mint, Customer Care Center, Lanham, MD 20706-4331, or sign up for the U.S. Mint Products Notification email service on the mint's website (`https://www.usmint.gov`).

IN THIS CHAPTER

- Looking at pattern coins
- Collecting pioneer gold coins
- Understanding proof coins
- Looking at Hawaiian coins
- Finding the unusual in error coins

Chapter 14

Advancing to Oddball Coins

After you get out of the mainstream of U.S. numismatics, you come across some interesting and unusual coins that are usually stuck in the backs of catalogs and price guides. Hidden among these treasures are some coins of incredible historical interest. There's something for everyone in these oddball coins, and in this chapter, I point out major items of interest in the hope that you'll discover and enjoy these numismatic oddities for yourself.

REMEMBER

Oddball coins are definitely an acquired taste, which means that only serious collectors need apply. In this case, *serious* means one of two things:

- You have the time to find out enough about these coins to fully appreciate them.
- You have the serious money required to afford them.

Understanding Pattern Coins

Before new coins are created, the U.S. Mint creates *patterns:* trial pieces (see Figure 14-1) that test how a particular design will appear in real life and whether any technical problems will develop as the coin is struck.

Except in unusual instances, patterns always enjoy a low mintage, often fewer than a dozen pieces. As a result, patterns are not only hard to find, but also tend to be expensive. Multiply expensive by hundreds of varieties, and the money required to put together a collection of pattern coins becomes substantial.

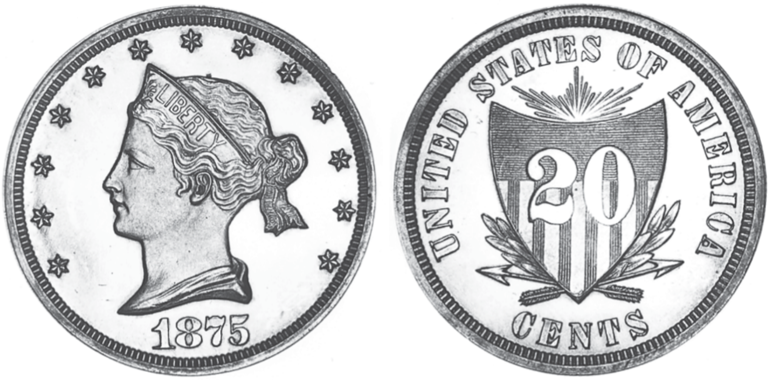

FIGURE 14-1: A pattern coin.

Even so, you may be interested in picking up a piece or two for your collection, in which case I'd like to tell you about a few of my favorites:

- **1792 silver-center cent:** The first U.S. one-cent pieces were big and heavy, and they required a lot of scarce copper. As an alternative, smaller versions were made with a small plug of silver in the center that added value to make up for having less copper. The idea had merit, and the coins look neat, but they were hard to produce, so only a few were made. These coins are big money.
- **1836 Gobrecht silver dollar:** Except for the 1804 silver dollar (which was actually made in 1834 and later), no silver dollars were made between 1804 and 1836. (In 1804, several thousand silver dollars were made, but all of them were dated 1803.) In 1836, Christian Gobrecht created a new silver dollar with a figure of Seated Liberty on the obverse and an eagle flying across the reverse, and because he placed his name on the dies, these coins are known as Gobrecht dollars. More than 1,000 examples were made in several varieties, and today, they're among the most popular of all U.S. coins.

- **1856 Flying Eagle cent:** In 1856, the U.S. Mint began experimenting with reducing the large cent to a more manageable size that was easier and less expensive to produce. The result was a small cent (the size Americans are used to today) that borrowed Christian Gobrecht's design of an eagle flying across the face of the coin. Like the Gobrecht dollar, the 1856 Flying Eagle cent is extremely popular. The mintage of more than 1,000 pieces barely meets the huge demand for this pattern. Enough of these coins actually reached circulation that they're also collected by regular cent collectors.
- **1882 Liberty-head nickel:** I love this pattern for its shock value, because most collectors believe that the first Liberty-head nickel appeared in 1883. Wrong. Remember: Before the coin, there was a pattern!
- **1879 and 1880 $4 gold Stellas:** This odd denomination first appeared in 1879. (Read more about it in Chapter 12.)
- **1849 $20 gold piece:** This coin was the first $20 gold piece produced by the U.S. government. Two were made, and the one example known to still exist is a proud part of the National Numismatic Collection at the Smithsonian Institution.
- **1907 Indian-head $20 gold piece:** Take an enlarged version of the Indian-head design from the $10 gold piece (see Chapter 12), and stick it on the front of a $20 gold piece. Sound impressive? It is, and the coin is unique.

Collecting Pioneer or Private Gold

The first discoveries of gold in the United States weren't in California, as you may have guessed, but in North Carolina and Georgia. Local private minters turned this gold into coins to alleviate the need for money in the region, especially because most of the output of gold coins from the U.S. Mint was melted for its bullion value as soon as the coins hit the streets.

When gold was discovered in California, new problems arose. Because California was so far removed from the Philadelphia Mint, there was no convenient way to turn gold dust and nuggets into usable coins, which were sorely needed to help regulate and facilitate business among the miners. To the rescue came private minters, who created a variety of coins. Unfortunately, the temptation to cheat a little was great, and many of the early *pioneer gold* coins (as they're known) fail to live up to the values or purity stated on them.

Eventually, the federal government solved the problem by establishing an Assay Office in San Francisco, where raw gold was converted to $10, $20, and $50 gold pieces of standard, reliable weight and purity. When the official mint opened in San Francisco in 1854, most of the private minters went down the drain, but not before leaving a lasting impression on numismatics.

Following are some of the most important issuers of pioneer gold:

- **Templeton Reid:** Templeton Reid operated out of Georgia and made coins from native gold in 1830, becoming the first of our pioneer mints. (Guess you could call Reid a pioneer among pioneers.) All his coins are extremely rare.
- **The Bechtler Family:** The Bechtler family operated a mint in North Carolina in the 1830s and 1840s. They have the distinction of having made the first gold dollars in the United States, beating the U.S. government by 15 years. The Bechtler coins were quaint pieces struck from handmade dies, but they served as important contributions to the economy of the region before the U.S. Mint opened its branches at Charlotte and Dahlonega.
- **Moffat & Co.:** Beginning in 1849, the firm of Moffat & Co. began producing high-quality ingots and $5 and $10 gold pieces in San Francisco from newly discovered California gold. Moffat & Co. made lots and lots of coins, but like most pioneer gold coins, they were later melted down. Thank goodness for coin collectors; otherwise, none might have been saved!
- **Clark, Gruber & Co.:** Clark, Gruber & Co. operated out of Denver, Colorado, where the firm struck gold coins in 1860 and 1861. Some of its $10 and $20 gold coins have an interesting stylized version of Pikes Peak on the back.
- **Wass, Molitor & Co.:** Wass, Molitor & Co. produced $5, $10, $20, and $50 gold coins in San Francisco between 1852 and 1855. Its most impressive piece of work was the huge $50 gold piece struck in 1855 (see Figure 14-2). This massive piece of gold will set any coin collector's heart aflutter.
- **Kellogg & Co.:** Kellogg & Co. operated out of San Francisco, where it produced high-quality $20 and $50 gold coins in 1854 and 1855.
- **The Mormons:** In 1849, Brigham Young established a mint at Salt Lake City and oversaw the production of $2.50, $5, $10, and $20 gold coins. Most of the coins had the inscription *G.S.L.C.P.G.,* which stands for "Great Salt Lake City Pure Gold." Unfortunately, the gold was neither pure nor from Salt Lake City (it came from California). The Mormons also made $5 gold coins in 1850 and again in 1860.
- **California fractional gold coins:** California fractional gold coins are mini pioneer gold coins of low face value (25¢, 50¢, and $1) that were made by local jewelers and merchants from 1852 to 1882. Hundreds of varieties exist. Because these coins are relatively inexpensive compared with the higher-denomination pioneer gold, collectors find them to be attractive and desirable. But if the denomination is represented by a fraction, the pieces are likely to be modern, not made of gold.

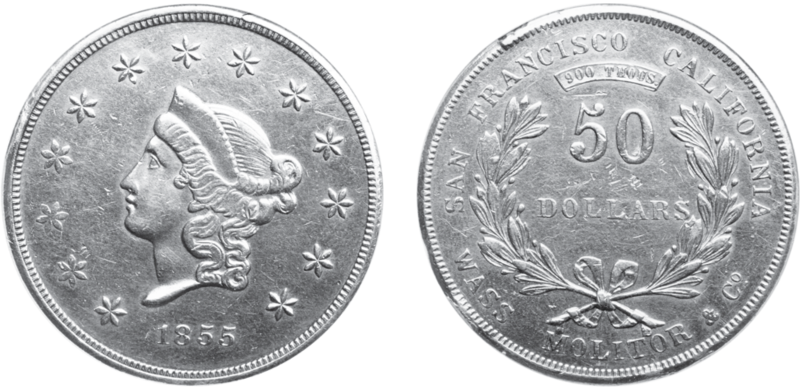

FIGURE 14-2: The Wass, Molitor & Co. $50 gold piece.

To find out more about the California Gold Rush and pioneer gold, read *Profit from Gold and Rare Coins Now* by Donald Kagin, Ph.D. (Zyrus Press) or visit the CoinFacts website at `www.coinfacts.com`.

Finding Confederate Coins

In 1861, the Confederate States of America began making coins in two very different ways:

- The first way was taking over the U.S. Mint facilities at Dahlonega (Georgia), Charlotte (North Carolina), and New Orleans; confiscating the remaining gold or silver; and striking coins from leftover federal dies. All coins struck by the Confederacy look exactly like those made by federal employees, so the Confederate States of America still lacked a coin that it could call its own.
- The second way was making new coins. Plans were made to have one-cent pieces and half dollars struck at New Orleans.

The back of the half dollar is a new design with a Confederate shield in the center and a Liberty cap just above it. A wreath and the words *Confederate States of America* encircle the shield and cap. The front of the coin shows the normal Seated Liberty design of the period. All four of the known examples are dated 1861, and all four were sold between 2000 and 2017 for prices ranging from $632,000 to $960,000.

TECHNICAL STUFF

I don't know why so few Confederate half dollars were made. The New Orleans Mint had plenty of silver on hand and even made more than 2 million regular half dollars, which could just as easily have been made into Confederate half dollars.

Later, the Confederate die was used to make 500 *restrikes* (coins struck again in years later than the date shown on the coin, usually to satisfy collector demand) by grinding off the backs of normal 1861 half dollars and stamping them with the Confederate design.

The Confederate cent has an equally interesting story. The designer was an engraver by the name of Robert Lovett, Jr., who was probably chosen to make cents for the Confederacy because of his experience in designing and making tokens. Only a few cents were made before Lovett got cold feet and abandoned the project. Legend has it that Lovett carried one of the Confederate cents with him and accidentally spent it one night in a local tavern. The story leaked out, and a collector of the time hounded Lovett until he eventually sold the dies and the remaining cents. The collector made restrikes in a variety of metals for sale to collectors. Ultimately, the dies ended up in the National Numismatic Collection at the Smithsonian Institution.

So where does that leave the collector who may be interested in these rare coins? The answer, as far as one of the four original half dollars goes, is out in the cold. Any of the 500 restrikes can cost $7,000 or more, depending on condition. Even the souvenir medals in tin (known as *Scott restrikes*) can run $4,000 to $10,000 in top condition. The Confederate cent is worth $100,000 to $200,000, and a copper restrike recently brought just over $20,000 at auction.

Appreciating Proof Coins

Proof is a process for making coins specifically for sale to collectors. In modern use, proof coins are struck with specially prepared blanks, highly polished dies, multiple strikes, and extreme pressure. The object of the proofing process is to create a perfect coin — one with full details, mirrored fields, and no imperfections. Since 1858, the U.S. Mint has sold proof coins to the public at a premium over their face value, often in partial or complete sets of all coins of the year. The "modern" proof era began in 1936 (after a 20-year hiatus during which no proof coins were struck), and proof-set collecting is a preferred method, especially for beginning collectors.

In this section, we cover proof coins issued from the early 1800s to 1916. Most of the proofs from that time period are rare, with mintages ranging from a handful to several hundred.

REMEMBER

Proof versions of many of the coins we describe in chapters 11, 12, and 13 exist, but keep in mind that proof coins are completely different animals from the coins made for regular circulation. They look different, they were made under different conditions and circumstances, and collectors approach them differently. Some dates, such as the 1875 $3 gold piece, were made only as proofs.

Proof coins before 1858 are the rarest of the rare. Because they were created on order, to satisfy collector inquiries, experts have no way of knowing how many of each were made. But the number of examples that survive indicates that the original mintages must have been extremely low indeed. From this period, you can find proof half cents, large cents, three-cent silvers, half dimes, dimes, quarter dollars, half dollars, and silver dollars. (See chapters 11 and 12 for explanations of these denominations.) A few proof gold coins from this period are known, but they're extremely rare and valuable.

You can assemble a nice collection of proof coins from the 1858 to 1916 period, including many coins that are quite rare yet affordable. A denomination set containing a small cent, two-cent piece, three-cent silver, three-cent nickel, half dime, dime, 20-cent piece, quarter dollar, half dollar, and silver dollar is relatively inexpensive, with only the 20-cent piece and silver dollar costing more than $3,000 each. You can expand the set even further by including some of the different design types that were made during this period. As with the pre-1858 proofs, gold proof coins remain extremely scarce and expensive.

TIP

The key to collecting proof coins is finding coins that are free of problems and that have never been cleaned. Some early collectors and curators had the nasty habit of dusting their coins from time to time, which left hairline scratches on the surfaces. Because proof coins are supposed to represent perfection, this just won't do. Some proof coins are so rare, however, that you simply have to take them as they come.

WARNING

Some proof coins, particularly the copper–nickel and silver coins of the 1880s, are hard to tell apart from the coins made for general circulation. Show any potential purchases to a competent expert, and stick with certified coins.

Recognizing Hawaiian Coins

Once upon a time, Hawaii was an island nation ruled by a monarchy. Later, it became a U.S. territory and finally a state. Now it's a favorite destination for tourists from around the world.

In 1847, copper coins the size of a U.S. large cent (roughly 27 millimeters) were made in the United States for King Kamehameha III. Unfortunately, the manufacturer messed up some of the spelling, and the king hated his portrait on the front of the coin, so that was the end of any Hawaiian coinage for a while.

In 1883, the new king, (David) Kalakaua I, promoted the idea of a national Hawaiian coinage. The coins — consisting of a dime, ⅛ dollar, quarter dollar, half dollar, and dollar (see Figure 14-3) — were struck at the Philadelphia Mint.

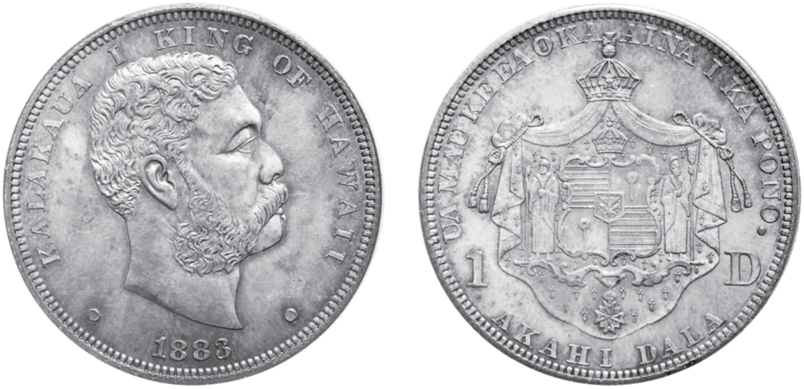

FIGURE 14-3: The 1883 Hawaiian silver dollar.

Identifying Error Coins

To err is human. To err in numismatics means that someone let a defective coin get out of the mint. A defective coin is known as an *error coin*, and this area of collecting is becoming increasingly popular. The U.S. Mint has released some pretty unusual and previously unknown error types in the past year or two.

Error coins come in a wide variety of types, ranging from subtle mistakes to gross, obvious errors. Prices vary just as wildly, with some errors costing only a few dollars each and others costing more than $100,000.

Here are a few of the most dramatic and obvious errors, along with explanations of how they came about:

- **Off-center struck coins:** Sometimes, *blanks* (disks of metal with upset edges that are stamped to make coins) get stuck and don't feed into the coining machine properly. If a blank is half in and half out of position when the die comes down, for example, the design will appear on only half the coin; the other half remains blank. This type of error is known as an *off-center strike* (see Figure 14-4). Off-center strikes are common but often dramatic.

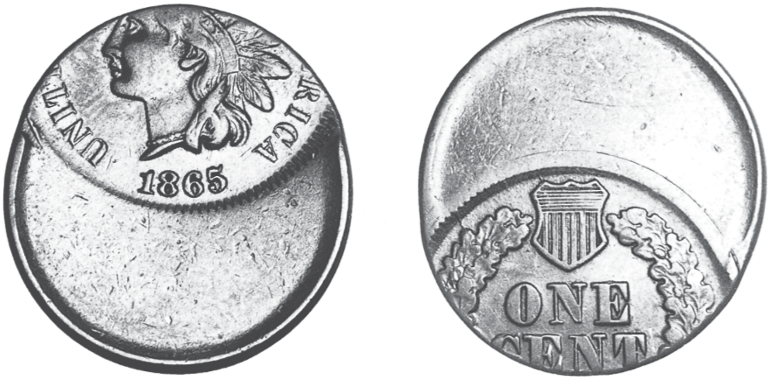

FIGURE 14-4: An off-center error strike.

- **Double- and multiple-struck coins:** Sometimes, coins get stuck in the coining press and get stamped over and over. Double strikes are fairly common ,but any coin struck more than twice is rare.
- **Mated pairs:** *Mated pairs* occur when one coin overlaps another in the coin press and receives part of the design from the second coin. Mated pairs fit together perfectly, almost like two pieces of a locket. Because they're two separate coins and usually get separated after they're struck, finding a mated pair is like finding a needle in a haystack. Mated pairs are among the most dramatic and desirable errors you can find if you collect errors.
- **Brockages:** In essence, a *brockage* is a true double-sided coin, except that one side appears normal and the other side is a mirror image that is pressed into the coin. This error happens when a blank slips over a coin that has already been struck, and the pair receives another strike from the dies. The blank ends up being the brockage; the other coin ends up with a messed-up front.
- **Capped die:** A *capped die* occurs when a blank gets stuck on one of the dies. As the blank is hammered repeatedly into other coins, the metal flows around the die and forms a cup-shaped cap. The longer the blank stays attached to the die, the more dramatic and deeper the cap becomes.
- **Wrong metal/wrong planchet errors:** You may have heard of the 1943 bronze cent in the news media. If the story doesn't ring a bell, here's the scoop: In 1943, cents were made of zinc-coated steel to preserve copper for the fighting during World War II. A few leftover bronze blanks got stamped with the 1943 dies, thereby creating one of the most famous of all error coins. Some people think that the 1943 bronze cent is worth $500,000 when in fact it usually sells for $150,000 to $400,000, depending on condition.
- **Mules:** A *mule* occurs when two mismatched dies are placed together accidentally. Mules generally are very rare. The U.S. Mint accidentally combined the obverse of a Washington-head 50 State Quarter with the reverse of

the Sacagawea gold dollar. This mistake caught the attention of the news media, and people began searching their pocket change for one of these valuable rarities. Have you looked in your pocket yet?

- **Struck fragment:** Sometimes, a small fragment of metal gets fed into the coining press and receives an impression from the dies. I recall seeing a picture of a nail with an impression of a Lincoln cent smack-dab in the middle, which makes me think that some of these errors are deliberate instead of accidental.

THE STRANGEST ERROR COIN

Every once in a while, a coin comes along that defies explanation. My favorite is a 1970-S proof Washington-head quarter dollar struck over a 1900 Barber quarter. Obviously, this coin shouldn't exist, yet it does.

The word *error* implies a mistake of some kind. In this case, there was no mistake. The only way for a 70-year-old silver coin from the opposite side of the country to find its way into a coining press making special proof coins is for someone to put it there deliberately. Make no "mistake" about it.

4

Buying and Selling Coins the Safe Way

IN THIS PART . . .

Learn how to protect yourself from scams, counterfeit coins, altered coins, and overpriced coins.

Find out how to use price guides to value your coins and to determine whether to buy a coin that's being offered to you.

Find out where to look for coins and how to negotiate with dealers and buy coins from auctions.

IN THIS CHAPTER

- » Locating good coin dealers
- » Expanding your horizons
- » Collecting online
- » Recommending coin dealers

Chapter 15

Wheeling and Dealers

A coin dealer can be your best friend or your worst enemy. A good coin dealer will be your best source of valuable information, wonderful guidance, and great coins. A bad dealer will could unfairly separate you from your money. Your goal is to find a good coin dealer who you can trust and who will deal fairly. There are plenty to choose among — perhaps 3,000 qualified numismatic professionals in the United States alone, almost all of whom are knowledgeable, fair, and reliable businesspeople.

Finding a Good Coin Dealer

Question: What does it take to become a coin dealer?

Answer: One coin and one customer.

Unlike many professions, dealing in coins has no education requirements, no competency testing, no continuing education, no bonding, and no background check. Therefore, just about anyone can get a business license, rent some retail space, and call themself a coin dealer. Governmental regulation of the coin business is nonexistent, and there's little or no self-regulation by the industry. Because money is the very essence of numismatics, the coin industry attracts people with a wide range of ethical values — to put it politely.

Even if the coin dealers are ethical, the overwhelming problem is that too many of them know almost nothing about rare coins. You're more likely to get a bad deal on a rare coin from a coin dealer who's a nitwit than from a coin dealer who's a crook.

REMEMBER

Most coin dealers are legitimate businesspeople who are ready and willing to serve your needs. They follow the rules and try to treat everyone fairly and with respect. But how do you separate the good from the bad? How can you protect yourself from the unscrupulous dealer or someone who just doesn't know any better?

TIP

Don't be afraid to investigate dealers. Be sure to ask the following questions, and stay away from anyone who doesn't give you satisfactory answers. ***Remember:*** It's your money on the line.

- **How long have you been in business?** Experience is a wonderful teacher. Seasoned coin dealers are familiar with market swings, market fads, and market trends. Staying in business for a long time requires perseverance, a good work ethic, desire, and a willingness to treat customers fairly and honestly. Con artists, on the other hand, have a hit-and-run mentality; they work an area until it's no longer profitable or until they're forced out of town and then head for greener pastures.
- **What are your professional affiliations?** Find out whether your prospective coin dealer is a member of any numismatic organizations and, more specifically, whether they subscribe to any code of ethics. Ask dealers about their affiliations with the following organizations:
  - Local coin clubs
  - Regional or state numismatic organizations
  - The American Numismatic Association
  - The Professional Numismatics Guild

REMEMBER

- Mere membership in an organization may not be sufficient, particularly when the organization's code of ethics has no teeth. A code of ethics is only as good as the organization's willingness to enforce it.
- **Are you a member or affiliate with a local Chamber of Commerce or Better Business Bureau (BBB)?** Although membership in a business organization is no guarantee of legitimacy, you can find out a lot about a business by inquiring whether any experiences or complaints have been reported.

- **What size inventory do you have access to?** The larger the dealer inventory access, the more likely you are to find items for your collection. Some coin collecting has moved online, and the size of inventory is no longer a factor. If you have your eye on a coin — any coin at all, a dealer can probably hunt it down for you.
- **Do you participate in coin shows outside your area?** If coin dealers attend or have an agent traveling the show circuit, they can identify deals, widen the search for interesting new material, and stay connected to a network of dealers to help fill your want list.
- **Do you service a want-list?** Good coin dealers know what their customers want and will be on the lookout for coins on their want list. Better coin dealers make an effort to locate coins for their customers. The best coin dealers perform this service on a no-obligation basis, giving you an opportunity to buy or pass on a coin at your option.
- **Are you a member of active trading community?** When dealers have access to external markets and up-to-date pricing information, they're able to pay more for your coins and also sell coins to you for less. Here's how having access to better markets works: Suppose that a customer brings a coin into a coin shop. The dealer looks up the value in a price guide and finds that the coin is listed at $100. The dealer may not have a customer for the coin, but they may be willing to inventory it for $50, taking a chance that the coin will eventually sell to someone else. Is that deal good for the customer? Maybe not. What if the coin dealer is a member of a trading network in which someone is offering $90 for the same coin? Knowing that they can turn a quick profit, your dealer may offer more money for your coin — say, $80. You're $30 richer, all because of the trading network. The same principle works on the other side, too. If your dealer can locate a coin for you and turn a quick profit, they're more likely to sell it to you for less so the coin won't sit in their inventory for months.
- **Are you a submission center for any of the certification services?** Some certification services require you to submit your coins through a *submission center* (a dealer approved by the certification service). Submission centers provide a valuable service by screening your coins before sending them in to be certified. Prescreening helps eliminate any coins that have been cleaned, repaired, or recolored; it also helps eliminate any coins that are out-and-out fakes. (See Chapter 17 for more information about fakes.)

  Generally, submission centers provide the prescreening service for free. You must still pay the grading fees and postage, of course, but all the required forms and supplies are provided for proper submission. As a bonus, dealers who are submission centers may make a nice offer for your coins when they come back from the certification services, or they may make recommendations about resubmitting coins for a higher grade. Sometimes, this information can be very, very valuable.

Localizing Your Efforts

You'll find a coin dealer in just about every region of the United States and in most big cities around the world. The larger the city is, the more coin dealers you're likely to find. Big cities host some of the biggest names in numismatics, along with many smaller dealers of lesser fame that can be just as savy. Rest assured reputation is everything and they're all eager to do business with you.

TIP

Start by looking online for coin dealers near you. A dealer's website is a starting point and may help with background information, credentials, and affiliations. A quick phone call can give you a good first impression, but be sure to pay a personal visit to each of the dealers in your area. By meeting dealers face to face and seeing their operations, you can tell whether they handle the types of coins you're interested in and whether your personalities are compatible. You may be surprised by the wide variety of venues you encounter, ranging from dark, dingy shops to well-lit, beautifully maintained operations, or from expensive offices to scary joints in a seedy part of town. The proprietors you meet will be just as different, ranging from gruff, no-nonsense types to humorous, genial types. After you've visited all the dealers in your area, decide which ones you'll visit again in the future.

Attend the next coin show in your area. This approach is a good idea if you don't have time to visit each dealer individually. At the show, be sure to meet with and introduce yourself to the dealers in your area. Look over their inventory, and discuss your particular situation with them. You can cover a lot of ground at a coin show.

Join your local coin club, and ask members about their experiences with local dealers — a great source of feedback. You may find out some interesting information about who pays the most, who has the best deals, who deals fairly and honestly, and (most important) who *doesn't* deal fairly and honestly. Pay careful attention to this information; weigh it together and keep it in the back of your mind as you meet with individual dealers.

Going to the Nationals

Most of the time, your local coin dealer can take care of your collecting needs. But at some point, you may need to go to the next level, which means going national. Think of the coin market as being a feeder system, with lots of local dealers, few regional dealers, and even fewer national dealers. Although each level is smaller numerically, each level of the coin market is stronger financially, more knowledgeable, and has a broader customer base.

To explain how this system works, consider a hypothetical 1808 half cent. The coin first shows up at a local flea market, where a part-time dealer buys it for $20 as a common date. The flea-market dealer takes it to the local "expert," who determines that the coin is the scarce 1808/7 overdate and buys it for $50. The local expert takes it to a regional coin show, where a half-cent specialist examines the coin, determines that it's the rarest overdate variety, and buys it for $5,000. The specialist takes the coin to a national auction firm, whose expert researcher describes this rare coin's exact die variety correctly for the first time; the auction house places the coin in its next sale and highlights it as an extreme rarity, one of only ten known. A half-cent collector who's a customer of the auction house (and who has been looking for that specific coin variety for the past ten years) buys the coin at auction for $15,000 and leaves the auction very happy. At each step along the way, the coin becomes more valuable as it falls into the hands of more knowledgeable dealers until it reaches the ultimate consumer, the serious collector, who may actually know more about the coin than all the professional coin dealers who have handled it.

What's interesting about this story is the fact that you could have been the buyer or the seller at any step along the way. You could have purchased the coin from the flea-market dealer, the local expert, the half-cent specialist, or the rare-coin auction company. Obviously, the earlier you jump in, the lower the price you'll pay for the coin — the main advantage of going national. By attending national coin shows and dealing with national dealers, you're more likely to run into buying and selling opportunities that simply don't exist at the local level. At a national coin show, you can meet the flea-market dealers, local experts, specialists, and national dealers, but you also must know what you're talking about and be willing to put your money where your mouth is.

TIP

Your success in buying at national coin shows depends in large part on getting there early. In theory, everyone has an equal opportunity to compete for bargains at the opening bell. As the coins work their way up the feeder system, the coins you seek become more expensive. Therefore, get to the show as early as possible. Even better, find some way to get into the preshow setup; dealers conduct business before the show opens to the general public. (Buy your way into the show with an early-bird badge.) Time is of the essence at coin shows.

REMEMBER

Relationships with dealers are just as critical as timing. In the preceding paragraph, I mention that in theory, everyone has an equal chance to compete for bargains at the opening bell. In reality, the opposite is true. When I enter a coin show for the first time, I know from experience exactly who to visit right away and who to visit later. I know who gave me good deals in the past and who is likely to have the coins I seek. I know those I haven't been able to buy from in the past, and I either avoid them or save them for last. Before the show even opens, I try to work out arrangements with certain dealers to make sure that I have first shot at their inventories. For their part, these dealers are happy to do so because they know I'm always a strong buyer.

You can develop similar insights and relationships for yourself. The first time you attend a national show, no one will know you or what you collect. As you introduce yourself and develop relationships of your own, dealers will be more likely to pull you aside and say, "Hey, I know you like half cents, and I just ran across a nice 1808 that you can have for $50."

Going Global

You may find it desirable to go global and meet dealers throughout the world — especially if you collect world coins. What better place to buy Australian coins than Australia itself? Or what better place to buy English coins than London? Most developed countries have strong, organized internal markets. With a little research, you can find out whether it's to your advantage to buy from, or sell into, various countries. You may find that you can buy world coins in your own country, sell them back to dealers in their country of origin, and then use the profits to buy coins for your own collection. You may also find dealers in other countries to be excellent sources of coins from your home country. It's amazing that coins travel around the world even more than people do!

Evaluating the global pros

For an amateur collector of world coins, seeking out a coin dealer during a planned vacation to, say, Europe or Asia certainly adds a bit of flavor to the trip. It's a reasonable assumption that more coins of the country targeted on your want list would be available in that country. Pricing may not be cheaper, but variety and selection most certainly will be greater. Today, advance research can be done on the Internet to identify possible international sources in the country that you are visiting, but again, buyer beware. The same vetting process you used to find a good dealer locally also applies here. Additionally, an established relationship with a good local coin dealer may be of assistance. Through their network of active traders and agents, it is possible to garner a recommendation or referral.

Weighing the global cons

Keep in mind the following reasons not to travel overseas to buy coins:

- **Overcoming language barriers:** You may find language barriers to be a real deterrent in conducting business with overseas dealers. But larger firms usually have many people on staff who can speak and understand English. In addition, some translation programs in the computer world can make it easy for you to translate text files back and forth from one language to another. Don't let your inability to speak a foreign language keep you from expanding your horizons. On the other hand, don't be an ugly American; make an effort to communicate inother languages.
- **The costs of converting your currency:** When you deal overseas, you must factor in not only the transaction costs, but also the costs associated with converting your currency. When you enter a foreign country, one of the first things you usually do is change your money into the local currency, and you always have to pay a fee to do so. The fee varies depending on where you make the conversion. A good rule: The closer you are to your point of arrival or destination, the higher the fees for conversion. If you convert your money at the airport or the hotel, for example, you'll pay a higher fee than you would if you convert your money at a local bank.

  TIP

  Whenever possible, use a credit card to pay for overseas purchases. The currency conversion is done automatically, and the conversion fee is often better than any rate you can find yourself.

  WARNING

- **The difficulties and risks of overseas mails:** Sending or receiving coins overseas is often a risky proposition. Theft is a big problem with overseas shipments. You run the risk of loss even when you ship to "safe" countries via insured or registered mail. You may find that the postal services do a great job of delivering packages to foreign countries, but at some point, it must give the packages to a foreign postal service over which it has no control.
- **Clearing coins through customs:** I keep hearing horror stories about what happens if you don't use a customs broker to handle your commercial shipments into and out of the United States. I always use a customs broker to handle overseas shipments. When you ship coins through the USPS, you must declare the contents of your package and/or fill out a customs form. Generally, when your package arrives at its destination, the foreign customs office will either forward the package or ask your customer to pick up the coins in person. When your customer receives the package, they have to pay any required customs fees. You shouldn't have to pay customs fees for coins shipped from other countries to your address in the United States.

WARNING

Physically carrying coins into or out of another country is a whole other story. If you declare the coins, be prepared for a bureaucratic nightmare. If you don't declare the coins, be prepared for confiscation of the coins, hefty fines, and/or maybe prison time. Having tried the process both ways, I never recommend carrying coins yourself. Pay the extra money to have the coins shipped or use a customs broker.

Surfing the Net for a Deal

Millions of collectors have discovered shopping for coins on the Internet, and thousands of dealers understand the advantages of having an online presence. Many dealers report that they now conduct the majority of their business online. Each day, more and more collectors find the coins they want by searching online dealer inventory, auctions, or eBay. Collectors are no longer limited by geography and time; you can order coins from Australia at three o'clock in the morning, pay with a credit card, and have them at your doorstep within a week, all without having spoken to a single person.

Advantages of the Internet:

- Shopping-cart technologies allow you to complete a virtual order form, check out, and pay for your order with a credit card from the convenience of your home.
- The coins in which you're interested are often illustrated with enlarged, full-color photos. Some numismatic sites offer new zoom technologies that give you close-up views of coins so you can see every bit of detail and surface quality.
- Search tools allow you to pick through millions of websites to hunt down just the right coin for your collection. Online auctions offer thousands of coins every day, many of which are not readily available from your local coin dealers.
- You can access a staggering number of coin dealers, both in the United States and throughout the world. More important, you'll meet people you wouldn't meet otherwise.

Where you might need a safety net:

- Be aware of the inaccurate and inconsistent pricing on the Internet, which unfairly puts dealers in the position of having to dash someone's dreams of retirement. Internet listings post a wide range of prices, many unsubstantiated. One of my favorite examples is the popular misrepresentation on the value of a 1968 no-S dime.

  "I saw it on eBay for $50,000!," a customer says to me with all the excitement of a child on Christmas morning. We then discuss the two varieties of this coin, the common business strike that could bring $2 or $3 and the proof version, of which only two or three are known to exist. Reality begins to set in. There is no substitute for a good dealer seeing the coin live to evaluate worth. If there was a chance it was the 1968 no-S proof, it would be on its way to NGC to be graded before the day was done.
- Listed price and what a coin was actually sold for are two different things. Anyone can list a coin online for whatever price they choose. Because there are no limitations on setting an asking price, you need to do your research about the different varieties of the coin and about recent actual sales for the same variety in order to gain a true understanding of the coin's value.
- Be aware of the risk of purchasing ungraded coins, which are not graded by one of the two nationally recognized grading services. Hundreds of thousands of novice collectors just developing their skills and part-time dealers without enough experience are making a part-time living buying and selling coins on the Internet. Coins may be listed with someone's arbitrary interpretation of a grade, which can be very subjective. As long as you are aware of the risk, you own evaluation through the photos and description may be enough give a level of comfort to purchase.
- Fakes have always existed, but more recently they've become more sophisticated. When you can't physically see the coins before purchase, you assume a level of risk, so make sure you inquire about authenticity guarantees. (Refer to Chapter 17 for more information on fakes.)
- Whether you are buying or selling your coins online, always ship registered/insured. Porch pirates are out there and this is your only defense. Factor in your shipping costs when determining whether it makes sense to purchase online or in-person with a dealer without these costs incurred.

REMEMBER

The Internet gives the collector access to more coins than ever before. Unfortunately, the down side is that you may not know who's on the other end of your Internet connection or whether the coins are genuine, or authentically graded , which gives you even more reason to follow the dealer advice in this chapter.

IN THIS CHAPTER

- **Making the Grade: Factors that affect grading**
- **Determining whether it's real and what it's worth: Going with the pros**
- **Understanding condition is everything**

Chapter 16

Grading and Authenticity, Rarity, and the Establishment of Value

I consistently stress the critical importance of rarity and quality when investing in rare coins, and I try to illustrate the vast price differentials generated by even the slightest incremental changes in a coin's *grade*, defined as condition or state of wear of the coin. *Grading* is the description of the condition. Grading remains the single most important element of numismatics. Few skills are more important for numismatists and coin dealers to understand or more difficult to learn, and there are very few really fine coin graders in the world. In this chapter, I discuss the methods the pros use to grade coins.

Although grading isn't a foolproof or exact science, neither is it strictly guesswork or opinion. It's an art governed by exacting standards and rules that ensure relative uniformity of appraisal from dealer to dealer at any given time. At one time, a collector was forced to depend almost entirely upon their own knowledge, intuition, and "eyeballing" abilities, all of which were uncertain, of course, and changeable with time. Over the past 60 years, however, the rigorous application of clearly defined specifications has made grading more objective and thus much more uniform. Minor disagreements can (and do) occur, but an investor shouldn't receive radically different estimates of grade from competent but competing numismatists.

TECHNICAL STUFF

MAKING THE GRADE

Until the rare-coin market became primarily investor-based and the need for greater degrees of accuracy and consistency arose, grading was a relatively subjective business, based on the knowledge and experience of whoever happened to be grading a coin. Although grading didn't matter as much as it does today, the result was a lack of standardization.

In 1949, Dr. William Sheldon, in his book *Early American Coppers,* introduced the Sheldon Scale — a grading scale that, in highly modified form, has become the standard for the industry today. Other significant landmarks include *A Guide to the Grading of Rare Coins,* by Martin R. Brown and John W. Dunn (Whitman Publishing Company), and *Photograde,* by James F. Ruddy (Golden Books), both of which contributed substantially to the evolution and standardization of grading.

The Official American Numismatic Association Grading Standards for U.S. Coins (Whitman Publishing Company) expanded the Sheldon Scale to include all coins, further legitimizing this most comprehensive and effective of methods. *Grading Coins: A Collection of Readings,* edited by Dr. Richard Bagg (Essex Publications), drew together in summary form almost everything written on the subject since the 1890s, providing a valuable guide to the evolution of numismatics' most critical science. Numismatist James Halperin released his classic *How to Grade United States Coins* (Ivy Press) in 1986, at about the time when the first reliable professional grading services were founded. (For more on this topic, see Chapter 18.)

Factors That Affect Grade

A number of factors can affect the grade of a coin, including the following:

- **Damage during minting:** The die may inflict marks during the minting process, or result from the condition of the planchet, which is the metal disc on which a coin is struck. Irregularities and imperfections found on the die may stem from the engraver's errors, or something as simple as wear and tear. Substandard manufacturing often resulted in coins that seemed to be in worse condition than they really were. This is particularly true of early American issues, most of which were produced under primitive conditions. Coins minted with poorly made or overused dies sometimes seem more worn than they really are — a condition known as apparent wear. Worn dies were often polished and reused repeatedly, resulting in the removal of fine design details found in the original design or the addition of a new date or mint mark. This is one of the reasons that some of the resulting coins produced are what are called "varieties" of the original coins.

  However, whereas die marks in general have the least bearing on a coin's worth, planchet irregularities can be more serious. These have various causes. For example, planchets for gold coins and large silver coins were weighed before striking, to ensure the presence of the proper amount of precious metal; those found in excess were filed down to the appropriate weight. This left file grooves on the planchet, called adjustment marks, that often remained visible after the coin was struck. If present, they will be taken into consideration when the coin is graded. Other planchet marks result from irregular blanks and some numismatists specialize in collecting such coins.

- **Damage after minting:** By far the most common marks that appear on coins are inflicted after minting. So-called "bag marks" result from the banging together of coins after they have been bagged for shipment or storage, and the number of marks, and their placement, makes a difference. Coins are also subject to the effects of daily use — dents, scratches, bends, rim damage, and the like. Alternatively, they may have been damaged intentionally, as is the case with coins worn as jewelry, and marred in the mounting process. Such insults will significantly diminish a coin's worth. Toning or coloration is also a consideration. Metals often react to their environments by changing color; and numismatists must learn how coins of differing alloys can be expected to color after years of use — or, for that matter, disuse. This knowledge is necessary and invaluable. If a coin is shiny and bright, just as if it left the mint, but its surface is scratched and marred, a competent numismatist should suspect polishing, chemical or even laser treatment at the hand of an unscrupulous vendor or an unknowing amateur.

- **Metal corrosion and color change:** Of all the metals used in the creation of American coins, copper is the most susceptible to changes in color. A copper coin, when minted, will have the familiar brilliant pale red color we associate with new pennies; this mellows first to a reddish brown, and finally a glossy brown color. When an expert grades a copper coin, its color will be taken seriously into consideration: Those that retain their original mint brilliance are considerably more valuable than those having a dark-er tone. Additionally, the surfaces of some copper coins may become spotted with corrosion, and investors living in humid locations should be particularly careful to store them in dry environments.

  Like copper, silver is a highly chemically active metal, and may darken from its initial brightness into various colors or hues. The value of a silver coin can be greatly increased by attractive original toning. Nickel's silvery brilliance pales with time into a dull grey color. Nickel is very susceptible to corrosion. Moreover, gold, the least reactive of coin metals, exchanges its alluring bright yellow-orange for a deeper, more full-bodied tone, sometimes containing brown streaks produced by the alloying material. A handsomely toned gold coin will be especially prized by investors.

  Natural or original toning is caused by the surface of a coin being exposed to the atmosphere for years and oxidizing. The toning process is accelerated when a coin is housed in one of the old type paper envelopes, due to the sulfuric con-tent in the paper. Coins stored in these paper envelopes tend to tone evenly because the obverse and reverse are in full contact with the paper surfaces. On the other hand, when coins are kept in coin albums, toning first occurs by the rim or edge and progresses toward the center of the coin. Coins are often taken out of these paper albums before the toning process is complete, resulting in a ring of peripheral toning.

  Coins may tone in almost any hue of the rainbow, or a combination of colors. A choice coin may often bring a tremendous premium because of its gorgeous toning, which is derived from the amount of "flash" or eye appeal a coin offers. This is part of the subjective value of a rare coin or any collectable for that matter. Some uninformed buyers consider toned coins "dirty." Others prefer to buy toned coins rather than brilliant specimens. In the end, if the coin is original, it is a matter of personal taste.

Eye Appeal

Eye appeal is one of the most difficult attributes to the grading process to describe, and yet it is one of the most important. Regardless of the technical grade of the coin, that is the Mint State number assigned to the grade, the coin has to have an overall appearance that is just about as important but nearly ethereal to describe. The coin can be brilliant with flash, proof like with a mirror finish, matte white, or completely or spherically toned. Coins without eye appeal may be poorly struck, have dull or spotty luster, splotchy or irregular toning dark spots. A dealer can be very helpful on this subject as it can take years to learn what good eye appeal is if it does not come to you naturally. The best way to summarize this is to paraphrase Justice Black of the United States Supreme Court, who in describing pornography once noted that although he did not know how to describe it, he knew it when he saw it.

Circulated vs. Uncirculated Coins

In the grading process, coins are divided into two broad categories: Circulated, which means coins used in commerce, and Uncirculated, which means coins that are new and have not been used in commerce. Because Uncirculated or Mint State coins (UNC or MS) have never been used they will appear virtually as minted, without any signs of wear. Uncirculated coins are not necessarily perfect in every respect as they are struck without any special care, and packed *en masse* in bags, and are then ready to be placed into commerce. Marks are thus to be expected as bags of coins are recounted and shipped between the mint and banks, where they are carelessly dragged around various vaults with each inventory as they sit for years unreleased into commerce. The larger the coin, the more marks are likely. To accommodate imperfections, Uncirculated coins were graded with Mint State designations, from MS-60 (Uncirculated) through MS-65 (Choice Uncirculated) to MS-70 (Gem Uncirculated), with grading dependent upon the degree or lack of imperfections. Note at that time, MS-69, MS-68, MS-66, MS-64, MS-62, and MS-61 did not exist. These more-refined grades were added to today’s precision grading.

- **MS-70 — Perfect Uncirculated 70:** A flawless coin, exactly as it was minted, with no trace of wear or injury. The coin must have full mint luster, and brilliance, or original toning, and a full strike. For all intents and purposes, this grade is theoretical. Only a highly trained specialist can grade this coin.
- **MS-67 — Gem Uncirculated 67:** Minutely disturbed surfaces, well struck, superior luster, and incredible eye appeal. Any marks must be where you cannot see them easily.
- **MS-65 — Choice Uncirculated 65:** A coin that is far above average Uncirculated; a coin that possesses a superior strike, exceptional luster or desirable original toning with only some minor marks which do not detract from the overall pleasing appearance of the coin.

- **MS-63 — Select Uncirculated 63:** A mid-range Uncirculated coin which may exhibit numerous but non-severe marks. It may have a weak but not a poor strike, and it may not be fully brilliant, although it will not have a dull finish.
- **MS-60 — Uncirculated 60:** A coin that will have no trace of wear but may show numerous contact or bag marks, nicks or spots. It may lack luster and/or have a weak strike. This is the lowest grade a coin can be and still be new.

Circulated coins, as their designation suggests, are coins that have been used to some degree. The grading scale for such specimens stems from Poor-1; applicable to an example so worn its features are barely visible, to About Uncirculated-58, which denotes a nearly Uncirculated appearance. It is virtually impossible to make distinctions between used coins adjacent on the grading scale — for example, a 30 and a 31; as a result, the scale has been divided into groups:

- **AU-58 — Choice About Uncirculated 58:** This is a virtually new coin, with luster and the basic appearance of a new coin, but it has slight wear. It was sometimes called a “slider” in the trade if the wear was barely noticeable and if, to the untrained eye, the coin could pass as uncirculated. Slight slide marks, called “cabinet friction” or rub from a holder is the reason for many coins getting graded this way.
- **AU-55 — Choice About Uncirculated 55:** The wear is barely distinguishable but is visible on the highest points.
- **AU-50 — About Uncirculated 50:** Nearly all of the detail and most of the luster are still present, but there is light wear on the high points.
- **EF-45 or XF 45 — Choice Extremely Fine 45:** There is visible wear on the highest points and most of the luster is still present.
- **EF-40 or XF-40 — Extremely Fine 40:** Most of the detail and some of the luster still present.
- **VF — Very Fine 20, 25, 30 or 35:** Light to moderate wear with most of the design still visible and the high points rubbed smooth.
- **F — Fine 12 or 15:** Moderate to heavy wear with up to half of the design rubbed smooth.
- **VG — Very Good 8 or 10:** Some of the design still visible but still having full rims.
- **G — Good 4 or 6:** Some of the design still visible but will be weak and may not have full rims.
- **AG-3 — About Good 3:** Most of the design will be gone.
- **FR-2 — Fair 2:** Design will be barely distinguishable but still recognizable.
- **PO-1 — Poor 1:** Design is recognizable by date and type but no more.

It is recommended that you consult an expert to grade all coins that are AU-50 (About Uncirculated) or better. A circulated coin's grade is usually more straightforward, although there is just as much over grading and under grading among circulated coins as Uncirculated coins. Nonetheless, when one side of a coin has worn at a different rate than the other, the numismatist used to resort to a so-called *split grade* or *net grade*: two grades for one coin. A coin with an obverse (head) grade of EF-40 and a reverse (tail) of EF-45 would be graded at EF-40/ EF-45 (or, commonly, 40/45). It is by the lower of the two grades by which the coin was traded under this arcane grading system.

Precision Grading

Due to changing market conditions in the mid and late 1980s, such as the increased importance of mint state coins, the most commonly traded investment material, and near mint state coins, and the demand for gem or perfect specimens, discrepancies developed between the various grades and their pricing structure. Because of the geometric climb in value of quality coins from one grade to the next, a circumstance which is characteristic in the real world of investing in and collecting objects of art, precision grading was developed by a group of coin dealers to overcome the discrepancies in the pricing of middle-grade Uncirculated coins. This was the beginning of professional grading services and the beginning of order in the coin business. Tables 15-1 and 15-2 illustrate what precision grading is today and how it works.

TABLE 15-1: An example of pricing gaps in the old grading system

Coin	AU-58	MS-60	MS-63	MS-65
1867 Nickel	$85	**$115**	**$160**	$700
1886 Quarter	550	**$625**	**900**	2,200
1892 Half Dollar	210	**$360**	**710**	2,875
1909 Half Eagle	325	**$345**	**2,600**	15,000
1921 Double Eagle	19,500	**$68,000**	**168,000**	660,000

TABLE 15-2: An example of improved pricing accuracy with precision grading

Coin	MS-60	MS-61	MS-62	MS-63	MS-64	MS-65
1859 Cent	$210	$245	$300	$500	$1,200	$3,190
1896 Quarter	245	$270	290	450	660	1,560
1907-S Half Dollar	1,020	1,530	2,310	3,910	7,660	13,500
1884-S Dollar	5,220	6,780	10,470	33,130	106,250	193,750
1796 Eagle	96,880	123,500	141,000	265,000	494,000	780,000

This example illustrates the dramatic rise in price toward the higher grades. When choice material falls between these grades, it causes general confusion among collectors, investors and marginal coin dealers as to what these coins should be worth. Thus, precision grading came about to develop slots into which middle grade coins could fit, not perfectly, but much more precisely to eliminate this confusion. This was the natural extension of what I would call *precision pricing*, as coins of the same technical grade but minute differences in quality brought different prices all along among knowledgeable coin dealers. The following table illustrates how middle grade Uncirculated coins would be prices on the precision grading scale.

Both professional grading services and all knowledgeable dealers use precision grading. A dealer using this system would use a chart much like the one we have just seen, with the addition of the middle-grade Uncirculated coins.

Today's precision grading scale for uncirculated coins includes the following:

- **MS-70 — Perfect Uncirculated 70:** A flawless coin, exactly as it was minted, with no trace of wear or injury anywhere. The coin must have full mint luster and brilliance, or original toning, and a full strike. For all intents and purposes, this coin is perfect and therefore theoretical. Only a highly trained and experienced specialist can grade this coin.
- **MS-69 — Superb Gem Uncirculated 69:** The late Norman Stack would have said "As made." A coin that is exactly as it was minted, with virtually undetectable flaws and only a few minor marks that keep it from being nearly perfect. The coin must be brilliant or have original toning. You need a specialist to grade this coin, as well.
- **MS-68 — Gem Uncirculated 68:** One or two barely noticeable, minor marks or abrasions, slight weakness of strike allowed, blazing luster and spectacular eye appeal.

- **MS-67 — Gem Uncirculated 67:** Minutely disturbed surfaces, well struck, superior luster, and incredible eye appeal.
- **MS-66 — Choice Uncirculated 66:** This grade coin is basically a premium quality MS-65 specimen; an MS-65 which possesses extra special appeal that adds to the overall beauty of the coin.
- **MS-65 — Choice Uncirculated 65:** A coin that is far above average Uncirculated; a coin that possesses a superior strike, exceptional luster or desirable original toning with only some minor marks which do not detract from the overall pleasing appearance of the coin.
- **MS-64 — Select Uncirculated 64:** A nearly MS-65 coin; a coin that may slightly lack in one of the key areas. It possesses either slightly more marks, slightly less luster or a weaker strike.
- **MS-63 — Select Uncirculated 63:** A mid-range Uncirculated coin which may exhibit numerous but non-severe marks. It may have a weak but not a poor strike, and it may not be fully brilliant, although it will not have a dull finish.
- **MS-62 — Uncirculated 62:** A coin that is nearly MS-63; a piece that may have one excessive mark, or reasonably weak strike.
- **MS-61 — Uncirculated 61:** A high-end range MS-60 coin. It may have excessive marks and possess a weak strike, but it is not in the worst mint state grade available.
- **MS-60 — Uncirculated 60:** A coin that will have no trace of wear but may show numerous contact or bag marks, nicks or spots. It may lack luster and/or have a weak strike. This is the lowest grade a coin can be and still be a new coin.

Consistency of Grading

When the two major grading services started grading coins in 1986 and 1987 respectively, they were new businesses endeavoring to build successful firms in an unproven area of the industry solving a problem that had never been before systematically attacked. It was natural for them to start out conservatively and cautiously in an area than had never been seriously attempted before. They need to test the waters to see how their approaches to the problem would be accepted in the marketplace. They had to appeal to and satisfy the population of coin dealers that were largely the ones submitting coins for certification, and later those members of the public in addition to the professional dealers who would ultimately be buying their product of certified coins. Due to the very nature of what they were trying to accomplish, there were conflicts of interest, honest differences of opinion, plenty of bad judgments, and just as many mistakes. They were also overly bold and a lot surer of themselves than they really had a right to be. This is common for a new company looking for a position in an existing marketplace.

The 1988–90 bull market was to a great extent founded on the promises of ending grading conflicts and giving the public a firm sense of security about what they were buying. Although there was a boom market, no one really seemed to care as much about the overly strict grading. As the market collapsed after 1990, dealers complained about the overly strict grading in that, in addition to the slow market, made it difficult to earn living selling coins.

Despite the lofty claims by the grading services that their grading would be accurate and consistent over time and forever, they were after all new at this service and had basically no idea just how large a problem they had bitten off. In fact, one grading service owner stated to me that had he had any idea of what he was getting into he would have stopped and given serious thought as to whether he should have gone into the business in the first place. The conservative attitude that both services tended to display in their early years gave way to a more balanced and experienced attitude as their graders and grade finalizers, who once graded hundreds of coins at a time, now graded tens of thousands of coins and in the process got a much broader and more accurate idea as to what was really out there terms of both quantity and quality.

Until the 1990s, very few coins were graded with high numbers like MS-66, MS-67, MS-68 and higher due the grading services reluctance to use such high numbers regardless of what a coin looked like. Coins had to be virtually perfect to get even grades of MS-65, MS-66 or PR-65 or PF-66. As the market grew and expanded, higher prices brought out more expensive coins and the grading services saw more and more of the entire coin population, coins in the higher grades were assigned grades matching their lofty conditions, allowing for coins of an ever so slightly lower grade to assume the position that these slightly better coins had once occupied. Once the issue of grading superb coins was resolved, it was natural that fantastic coins ever so slightly inferior would fill the now vacant spot that these superb coins once occupied. Now that these two grading services have seen between them over twenty million coins, they have a better idea of what coins in the general coin population look like and in following with that information, what they grade.

The two grading services shed their conservative and cautious nature and became more proficient at the grading services that they offered. No doubt the grading model as we know it will continue to grow and change, not only because it is done by human beings, but because market conditions change and dictate what the market will and will not accept. All of this is natural, and is the same procedural method changes that other hard asset items, like diamonds and antiques, have already gone through and continue to go through as I speak.

Above all, Maurice Rosen, noted numismatist, would tell you to look at what you buy. Does it look like the description? Use your common sense and your God given brains. Anyone, whenever they want, can say whatever they like about a coin. Remember what Abe Lincoln once said. When asked, "How many legs does a horse have if you call his tail a leg?" he replied, "Four legs. You can call his tail anything you want and he still has four legs." You have to buy the coin and not the story about the coin.

Proofs, Patterns, and Specimens

Originally, from 1794 to the mid-1800s, specimen and proof coins were made exclusively for presentation to visiting dignitaries and heads of state and are very rare; today, modern proof coins are readily available to investors from the U.S. Mint. Early specimen and proof coins were minted from carefully selected blanks, which were hand-fed into the minting press. The proof dies are specially cared for, and highly polished, and the coin itself is struck repeatedly, to heighten and enhance all the engraver's details. Most proof coins have a reflective, mirror-like appearance, although some proof coins dating from 1909 through 1915 show a variety of matte and satin finishes. Specimens are basically the first, very best made business strike of a coin. Either way, the finished product was then carefully handled to prevent even the most negligible marks found even in top-grade Uncirculated coins. The result is a memorable work of art. Proof coins are graded the same way coins made for uses in commerce, called *business strikes*, are graded. *Proof* is not and never was a grade; it is a method of manufacture. Several other types of coins, never intended for circulation, are of interest to more advanced investors. One of these is known as a *pattern*, or an experimental coin design, which, for one reason or another, was never manufactured for circulation. Another is the die *trial piece*, usually struck from other than a circulating metal to test a die or to determine the correct pressure for achieving the proper level of relief.

Overgrading and Overpricing

Any discussion of coin grading must include a caveat: In the world of numismatics, like the world of all investments, the buyer must indeed beware. While traders in stocks, bonds, commodities, foreign exchange, and real estate are strictly licensed by federal and state authorities and still manage to routinely break the law, coin dealers are not monitored at all. It is relatively easy for an incompetent, unscrupulous merchant to call himself a numismatist, open an office, and sell uncertified over-graded coins for exorbitant sums to unsuspecting buyers. Over-grading may be very simply avoided by dealing with an established and reliable coin dealer or broker and insisting on certified coins from the two major grading services. The same merchant can sell properly graded certified coins at unfair prices.

Grading Guarantees

Investors often locate trustworthy dealers via word of mouth, or through familiar coin organizations; but investors unfamiliar with the terrain would do well to find a broker who has been around awhile. Most reputable grading services and coin dealers guarantee the grades of the coins they sell. A few offer grading insurance, which guarantees that, if the firm goes out of business and the coins they graded or sold to you prove to be over-graded at a later date, you can, within a prescribed time period, get back what you paid for them, plus a ten or fifteen percent per year premium. This is an excellent deal; moreover, any grading service or numismatist making such an offer obviously has confidence in his or hers grading abilities.

There is one last changing market factor. The personal tastes of the people who buy coins. At one time, toning on a coin commanded a large premium. Today, it only commands a premium if it is original, attractive and on a top-quality coin. Once collectors preferred proof-like Silver Dollars to Uncirculated, bagmark-free ones, but then they fell out of favor to proof-likes, and now they both are in fashion again. From time to time these personal standards change, and this affects the market.

Lastly, it is very important to remember that while authenticity is absolute, grading, toning and the overall look are the subjective verbal description of an opinion of a particular numismatist or Grading Service at a particular point in time as to the state of preservation of a particular coin. Knowledge and technology change over time. No warranty is absolute, even when it is made in good faith by a knowledgeable and reputable numismatist, grading service or coin broker. Whether it is written, expressed or implied, no warranty can be made with respect to these adjectival or numerical descriptions, which can and often do vary among experts at any given time or over time. Grading standards have changed in the past, and they very well might do so again in the future. Coins, like all other investments and collectables, are bought and sold at your own risk.

Authenticity and Originality

Throughout history, whenever an article of value has been produced, an attempt has been made to duplicate it at a far lesser cost or with inferior materials, or make another article of lesser quality appear of higher quality. All major and most minor tangible assets have been played with, counterfeited or altered. Rare United States Coins, fortunately, remain under the scrutiny of the U.S. Secret Service. It is against federal law to sell, transport, trade or own counterfeit coins of U.S. or foreign origin. Because of this law, and primarily due to the technical difficulties inherent in the production of coinage, the determination of authenticity of coins has become a science. Coins, and United States coins especially, are the only collectibles that can make this claim.

The term *counterfeiter* usually brings to mind a mild-mannered chiseler, sitting in his basement, patiently carving plates for $1,000 bills. We, however, are concerned with the criminal producing coins or altering real coins for the investor market; and the dishonest or ignorant dealer who sells them. Counterfeit coins have all but disappeared from the market, chased away by the two professional grading services. However, altered rare coins are more common than might be expected, and many dealers and investors, some of them quite experienced, have been taken. Dealing with a savvy numismatist and buying only certified coins by the two major services is ultimately your best protection, and will save you considerable pain.

The matter of authentication is complicated by the fact that rare coins were not always finely fashioned and minted. Early American issues were often crude, resembling nothing so much as amateur attempts at coining — which, in fact, they were. Thus, it can be difficult to distinguish a bad replica from a bad original. In the 1850's, for example, a person named Mr. Getchell faked several examples of the famed Pine Tree Shilling issued in Massachusetts in 1652. Not satisfied with capitalizing on its already considerable numismatic popularity, Getchell produced dated shillings that preceded all other known specimens by two years. A prominent Boston collector quickly snapped these up in a mail order deal, and no one was the wiser until the decade's end, when the diary of John Hull, the coin's designer, was published. The document made it apparent that this rare date was so rare as to be nonexistent. The ruse was discovered — but only through luck. Getchell's fakes were no more primitive looking than the originals, and his implausible dates might have been convincingly explained as Hull's first pattern attempts. Fortunately, the science and study of numismatics have progressed considerably since then. A contemporary expert would not be so easily fooled.

Today's counterfeiters tend to be less imaginative than Getchell, often content to skillfully alter existing coins using a variety of common techniques. Although no longer making coins from scratch, a counterfeiter may remove the mint mark, or part of the date, from an otherwise authentic specimen. Conversely, he may add a mint mark, either with solder or glue, or by stamping it into the coin. In the latter case, the surrounding area is carefully buffed so as to make the phony mint mark appear raised. A more recent method involves drilling a hole in the side of a coin and inserting a tool, to raise a mint mark from within. Another rather crude technique involves joining together halves of different coins; this is effected by hollowing out one half of a coin, leaving the edge intact, after which a second half, with its edge shaved off, is fitted into the "shell." Perhaps the simplest, oldest, and most common altering technique, called *whizzing*, involves the polishing of coins with a wire brush to make them appear Uncirculated.

Much of the counterfeiter's craft is obvious, and there are different things a purchaser may look for to avoid victimization. Probably 99.99 percent of all American coins were struck and not cast; and cast coins, regularly counterfeited earlier in the last century from rubber or sand molds, have recognizable characteristics. They lack crisp details, may be inaccurate in size or weight, and often exhibit surface bubbles or air holes. Made of joined halves, such fakes may show seams on their rims; and often are soft and greasy to the touch. Nor will cast coins ring when tapped against a hard surface, producing instead a dull thud.

A coin's edges, known as *reeding*, may also give away the game: Counterfeits often show irregular, poorly fashioned lines. In addition, evidence of polishing will show, under magnification, telling light parallel scratches.

A bigger problem is color. Determining whether the color on a coin is original or retoned artificially is a skill few numismatists can do well, and all but the savviest of dealers and collectors should stay away from uncertified toned coins if they cannot tell whether the color is correct or has been removed. Investors should buy coins certified by one of the two large grading services to avoid this issue in its entirety.

Having read these pages, however, you are not now armed with sufficient knowledge to authenticate even an obvious fake. It ordinarily takes professional decades to acquire the skills and learn the nuances of authentication, and frankly, many numismatists never really learn how. The novice should no more attempt his own authentication than perform his own brain surgery. For a novice, the simple solution is to buy from a known coin broker or dealer and stick with coins certified by the two major grading certification services, which guarantee authenticity, thereby eliminating the risk entirely.

Rarity and the Establishment of Value

Factors other than a coin's grade contribute to the establishment of value — most notably rarity. If a coin is not well-preserved but is in scarce supply due to a low original or surviving mintage, its value may be higher than a similar grade coin much of whose mintage was saved, and is therefore more common and available. The following example demonstrates this point:

Type	Condition	Scarcity	Value
1849-C Gold Dollar (Closed Wreath)	MS-63	11,634 minted	$13,800 Closed Wreath (14 Uncirculated pieces known) (Bass Sale)
1849-C Gold Dollar (Open Wreath)	MS-63	5 known	$690,000 Open Wreath (one Uncirculated piece known) (Richmond Sale)

Lower mintage alone, however, does not in itself guarantee scarcity or value, or necessarily make for a good investment, as the following chart shows:

Date	Condition	Mintage	Value
1877 Indian Cent	MS-65	571,990	$1,000
1909-S Indian Cent	MS-65	309,000	$500

Although there were more 1877 cents minted, there are far fewer survivors and thus greater demand than for the 1909-S, and the price differential in the market reflects this difference.

Comparing two silver dollars with the same mintage again illustrates the unreliability of mintage figures alone in determining scarcity and value:

Year	Condition	Mintage	Value
1893-S Morgan Dollar	MS-65	100,000	$200,000
1894 Morgan Dollar	MS-65	110,000	$14,500

Relatively few 1893-S dollars have survived as compared with 1894 dollars, and, of those, even fewer are in Uncirculated condition, thus the same mintage but the discrepancy or difference in the market value.

There are actually two principal forms of rarity numismatists consider when establishing value with rarity — absolute and condition. An ***Absolute Rarity*** is a coin in which the entire population known is very small. A good example is the 1822 Half Eagle, an R-8, which means Rarity 8 on the rarity scale, of which there are only three in existence. Under such circumstances, obviously grade is of virtually no significance.

A ***Condition Rarity***, on the other hand, is a coin that may be widely available in lower conditions, but remains extremely rare in the top grades. The 1878-S Morgan Dollar, for example, in MS-65, sells for approximately under $200 because there are quite a few; however, the finest known, in MS-68, nearly perfect condition, sold for $35,938 in January 2009, probably still a record price for the date. There are always people willing to pay to own the best of anything.

As is evident, mintage figures are not always a reliable determinant of value. This is the reason why, once again, quality is of such extreme importance in numismatic investing.

Market Demand and Survival Rate

The overall state of market demand is also of considerable importance. Although condition and rarity may be the same, the market demand for a particular coin may drive values up. For example, the high relief is more popular than the Three Dollar gold piece or the dime, and has always been more in demand.

Type	Condition	Scarcity	Value
1879 Liberty Dime	MS-65	15,100 minted	$670
1859 $3 Gold	MS-65	15,638 minted	$23,700
1907 $20 Gold High Relief	MS-65	12,367 minted	$43,000

The Three Dollar gold piece is a larger coin with way more status and collectability than the dime. There are far fewer 1859 Three Dollar gold pieces than 1879 dimes. But there are more collectors of the more desirable Three Dollar coins, both by type and by date and mint, than collectors of Liberty Seated dimes, and again, the price differential reflects this difference in the market's demand. A High Relief is thirty times more common than an 1859 Three Dollar gold piece and yet trades for three times as much in the same grade. This is because the High Relief is more popular and has a greater demand. Although the Three Dollar is rarer, it will never appreciate to the same degree as the High Relief.

There you have the four influences on the value of a coin: *rarity, condition, market supply and demand, and popularity with collectors.* The greater the combination of these factors, the more valuable the coin will be. Theoretically, and given a choice, you would want to invest in a extremely rare high grade coin that is popular and in great demand by collectors.

As always, *diversification* is the key — not just within your overall portfolio, but within that portion of your portfolio devoted to rare coins.

IN THIS CHAPTER

- Understanding why you should be cautious
- Avoiding mistakes
- Becoming your own expert
- Knowing what to look out for

Chapter 17

Foiling the Fakes

Imitation is the sincerest form of flattery — except in numismatics, in which imitation becomes the sincerest form of criminal deception. Even the best coin dealers are fooled sometimes by counterfeit and doctored coins, so you're well served if you arm yourself with as much knowledge as possible. Given enough time, there's no reason why you can't be just as knowledgeable as anyone else in your area of numismatic interest. In the meantime, heed the advice offered here until you're confident in your own ability to detect problem coins.

Any complete discussion of coin collecting requires a look at the dirty little secrets of the coin business: counterfeiting, restoration, repairing, recoloring, and the many other ways in which coins are either copied or doctored in an attempt to deceive buyers. Counterfeiting came on the heels of the first coins and continues today. Coin doctoring sprang up more recently, when coin prices began to shoot through the roof and condition became a major factor in coin pricing.

Resisting Temptation

When someone offers to sell me a coin for $50, and I know that it's worth $100, I'm sorely tempted to buy it on the spot. But over the years, my temptation has yielded to caution. Except in rare and unusual circumstances, there's always been a good reason why a coin's price is too good to be true. Usually, the coin has a problem — or even two or more! Sometimes, the problem is very subtle. Using the tools I provide in this book, you will be able to do a thorough visual inspection of the coin, which will enable you to make a informed decision.

In Chapter 3, I talk about the importance of developing a good, strong relationship with a numismatic adviser. A large part of such a relationship revolves around trust. In other words, you trust your adviser to give you the straight story and to show you right from wrong. When you ask a question, you expect a correct and appropriate answer. But how do you know whether the information you're receiving is correct and whether the coins you're buying are genuine and graded properly, especially when money is involved?

WARNING

The answer is: "You don't." To borrow a phrase, the price of confidence in coin buying is eternal vigilance. Seek good advice, take it with a grain of salt, verify it by checking with different sources. (Many professional coin dealers know very little to next to nothing.) Use the knowledge and experience you gain over time to not only uncover buying opportunities and rare varieties, but also protect yourself against fraud and deception.

KNOWING CRIMINAL MOTIVES

A quick look at any numismatic price guide reveals the profit opportunities for a criminal who's skilled in finely detailed metalworking. Look at the price difference between the common 1927 $20 gold piece and the extremely rare 1927-D, for example. Although the price difference is huge, the only actual difference between these two coins is a tiny mintmark above the date. All any criminal needs to do to "create" a $400,000 rarity is spend $2,000 for a common 1927 and add a small D to the front of the coin — a change that can be made in several ways, some of which are quite deceptive. Most of the time, however, an added mintmark is easy to detect, and you can bet that any 1927-D Double Eagle is scrutinized carefully whenever it comes on the market. Even so, the price difference is a huge incentive to practice, practice, practice — which is exactly what the coin doctors do.

Coin doctors rarely fiddle with counterfeiting because the likelihood of getting caught is good to excellent, and the penalties for getting caught and convicted are high — up to 25 years in the big house. ("Tis death to counterfeit" is a popular phrase from colonial times.) On the other hand, it's easy to make a coin look better or more valuable with a touch of chemicals here, a rub or two there, and a little repair work. Also, we've never heard of a coin doctor going to jail. The losses from their handiwork are just as damaging and insidious as the work of the counterfeiters, but the law hasn't caught up with them yet.

Becoming Your Own Expert

Years ago, in an apparently simpler and more innocent time, all you needed to detect fake coins was a good magnifying glass, along with familiarity with various coin design types. Back then, you could spot a fake fairly easily if you knew what a real coin was supposed to look like. Today, you need to know how to perform specific gravity tests and have access to electron microscopes, X-ray spectrophotometers, and other sophisticated equipment and techniques. As an alternative, you can send your coins to a certification service, where the experts are well versed in counterfeit detection and have the equipment to perform the proper analyses. Even better, you can take the time to find out how to detect counterfeit and altered coins on your own.

TIP

How do you go about becoming your own expert? Here are some tips:

- **Read the basic grading guides.** These guides give you good insight into the history of coin grading, approaches used by various authors and companies, and how grading has changed over the years and what it may be like in the future. Learning to grade is important because you must know what a coin is supposed to look like before you can tell whether it's different in any way. The processes that I outline in "Finding Out about Repaired, Restored, and Recolored Coins" later in this chapter change how a coin looks, so you need to know how to tell the difference.
- **Look at lots of coins.** When you visit a coin shop or go to a coin show, take the time to look at as many coins as possible, even those you're not interested in, just to discover the characteristics of each type and date. By looking at lots of silver dollars, for example, you'll figure out soon enough that the 1890-O is almost always weakly struck, whereas the 1881-S is usually crisply struck and well detailed. After a while, you become so good that you can tell whether an 1893-S silver dollar is good just by looking at the front of the coin.
- **Ask questions.** Don't be shy; after all, it's your money that you're protecting. Ask questions like these:
  - Why is the toning on this coin artificial?
  - How do you know that this coin had a hole filled?
  - Were the hairline scratches on this coin caused when the dies were polished or because the coin was cleaned later?
  - Is the red color on this copper coin original or false?
  - Would you demonstrate the proper method for dipping a coin?

TECHNICAL STUFF

Dies are the cylinders of steel with a design on one end that are used to make coins. Before the dies are put in the coining press, they're usually polished to make the flat surfaces as smooth as possible. Sometimes, the action of the polishing leaves fine scratches in the steel that become raised lines on the coin itself. Alternatively, hairline scratches occur when a coin is lightly wiped or rubbed. In many cases, the difference is subtle to the untrained eye, but they can translate into a huge price difference; die-polishing lines are acceptable, but hairline scratches are not.

REMEMBER

Die polishing appears as raised lines on the surface of a coin; scratches go below the surface and into the metal. Ninety-nine percent of the time, die polishing lines affect only the fields, whereas hairline scratches run up and over the raised design elements on the coin.

- **Read some more.** Keep up with the latest numismatic publications to find out about new techniques being used to improve coins, new fakes that are being discovered, and new methods being used to uncover frauds.
- **Go back to school.** Take a grading and/or counterfeit-detection course at the American Numismatic Association (ANA)'s Summer Seminars. Listen in on the Numismatic Theater presentations at the ANA conventions. Discover as much as you can from as many sources as possible. Many presentations at coin shows are free. Others, like the ANA seminars, cost money, but it's money well spent. I look at this part of my own education as insurance against getting stuck with a fake or fraudulent coin. Saving yourself from one expensive mistake may pay for the costs of these courses many times over.

Finding Out about Repaired, Restored, and Recolored Coins

Coin doctors use a variety of means to improve the appearance of coins. Some results are obvious to the naked eye, but most are so deceptive that they're almost invisible. You can avoid many repaired, restored, and recolored coins by being aware of the traps discussed in this section.

WARNING

Most professional coin dealers can't tell a recolored coin from an original, and neither will you until you've spent many years studying coins. The simplest and most cost-effective way to bypass this problem in its entirety is to buy coins certified by either of the two major grading services, which guarantee their descriptions.

Cleaned coins

In Chapter 4, I discuss cleaning coins and explain how easy it is to damage a coin and its value through improper or overenthusiastic cleaning. I'll repeat it — leave cleaning to the conservators! But can you tell whether other coins in your collection have been cleaned by someone else? What about the coin you're about to buy? Until you feel comfortable in your ability to tell whether a coin has been cleaned, stick with *certified coins* — coins that have been authenticated, graded, and certified by an independent third-party grading service (see Chapter 18). Reputable grading services won't certify a coin that has been cleaned (or will make a notation about the cleaning on the holder label). This practice eliminates a great deal of uncertainty and lets you focus on buying coins that look nice for the grade.

TIP

If you don't have the knowledge to determine whether a coin has been cleaned, watch out for unnaturally bright surfaces — a good indication that the surfaces have been scrubbed. All coins have a natural brightness (or *luster*) when they're new. As a coin wears, the luster begins to disappear. And by the time a coin reaches the grade of Very Fine, the luster is gone. (See Chapter 16 for explanations of the terms used to describe the condition of coins.)

WARNING

Be suspicious of any coin below the grade of About Uncirculated that appears to have full luster; the coin may have been polished or worked on. For coins in Uncirculated condition, cleaning is harder to detect, because coins are expected to be bright in those grades. Nevertheless, if you find out what real, original luster looks like, you're less likely to be fooled by a cleaned coin.

TIP

WALKING THE PLANCHET

When the employees at the U.S. Mint get ready to make coins, they usually polish the die before placing it in the coining press. The result is known as a *prooflike* coin — a reflective coin with a hard metallic luster. A prooflike silver coin resembles highly polished chrome; you can see your reflection in the surfaces of the coin. Each time the die is used to strike a coin, it begins to wear down microscopically as the metal of the *planchet* (the blank piece of metal that becomes a coin when it's stamped with a design from the dies) spreads out underneath it.

Over time, the spreading metal of the planchets creates tiny grooves in the metal of the die, destroying the prooflike luster and replacing it with what is termed *frosty luster.* The tiny grooves are known as *flow lines,* which you can see under magnification; they radiate out from the center of the coin toward the edges. The conversion from a prooflike to a frosty surface takes place in small degrees, so on many coins, you see a wide variety of surfaces, ranging from deeply mirrored prooflike to heavily frosted.

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It's easiest to detect cleaning on a prooflike coin, perhaps because the reflective surfaces exaggerate any imperfections. Think how easy it is to see scratches on the surfaces of your eyeglasses; the same is true of prooflike coins. On coins with frosty luster, you must look for any disruption of the flow lines, which is why using a magnifying glass is so important. Sure, you can catch gross cleaning jobs with your naked eye, but the good frauds will fool you unless you take a closer look.

Curated coins

Curating is a term that entered the numismatic world only recently; it refers to a method of cleaning that improves the appearance of a coin without harming the surfaces. In other words, curating is good, and cleaning is bad (even though curating itself is a form of cleaning).

Proponents of curating liken it to the restoration of Michelangelo's frescoes in the Sistine Chapel or the removal of surface grime from an Old Master painting. Opponents call *curating* a deceptive term that allows some coins to get around the restrictions on cleaned coins at some of the grading services. The jury is still out on this subject.

Dipped coins

Dipped coins have been immersed in a corrosive chemical cleaner to enhance their appearance. Dipping is usually done to remove toning from silver coins. When it's done properly, light dipping improves the appearance of a coin and can't be detected. When it's done improperly or repeatedly, however, dipping etches the surface of a coin and gives it a cloudy appearance. Heavy dipping destroys the natural luster of a coin, be it prooflike or frosty, and the result is a drab, lifeless, worthless coin. Copper coins develop an unnatural orange color, and silver coins turn pure white. Gold coins are less susceptible to dipping because of the inert nature of gold, but heavily dipped gold coins will develop a subtle grainy surface, as the natural luster is destroyed by the chemical action of the dip.

Any dipping affects the value of a coin, but heavy or noticeable dipping should force a heavy discount on the value of the coin in question. Expect the impact on value to be even greater on Uncirculated coins. I don't recommend buying coins that have been dipped if you can see that they've been dipped.

TIP

Detecting dipped coins can be difficult. Nevertheless, a good rule to follow is that any coin struck more than 75 years ago should show some natural toning. If you see an 1800 silver dollar that has no tarnish whatsoever, for example, it's a safe bet that the coin has been dipped. Whether that's good or bad depends on your taste, your preference for *toned* (tarnished) or *untoned* (untarnished) coins, and how the appearance of the coin was affected by the cleaning.

Sadly, the current demand for untoned coins has resulted in rampant dipping and the destruction of the natural beauty of many coins that should have been left alone in the first place. Probably more than half the coins traded on any given day have been dipped at one time or another. I suspect that many years from now, people will look back and wish they'd been more selective and careful with our numismatic treasures.

Scrubbed coins

Cleaning coins with a harsh abrasive results in a coin with a scrubbed appearance. Scrubbed coins lack luster and have heavy *hairlines* (fine scratches) or brightly polished surfaces. Scrubbing lowers the value of any coin dramatically.

WARNING

Don't buy any coin at any price that has been scrubbed — or that you suspect has been scrubbed and then retoned.

Erasered coins

As hard as it is to believe, some people use the eraser of a pencil to remove spots or toning from coins. Because of the abrasives embedded in pencil erasers, the result is a localized area of fine scratches. On most coins, the scratches show up as bright patches on an otherwise-frosty surface. To see the scratches, you must turn the coin at just the right angle under a light source.

WARNING

Erasered coins are considered to be damaged. You should never purchase an erasered coin, which dealers consider to be scrap metal at best.

Whizzed coins

Ever heard of onomatopoeia? That's when a word sounds exactly like what it describes. When you hear the word *whiz*, think of the nightmarish sound of a brush rotating at high speed and coming in contact with the surface of a coin. (A dentist's drill comes to mind.) Then imagine what happens to the surface of the coin as the flow lines are disrupted and the metal is moved around. Sounds sickening, doesn't it?

Whizzing is a cruel way to treat a coin, and the result is a bright but unnatural luster that has fooled many a novice collector. Fortunately, whizzing is arcane and considered to be fraud today. But a lot of coins — and I mean *a lot* of coins — are floating around from the days of yore, when whizzing was commonplace and legal. After you see a whizzed coin, you'll never forget it. Ask your numismatic adviser to point one out to you.

WARNING

Never buy a whizzed coin.

Repaired coins

A good coin doctor can repair just about anything. I once saw a very valuable coin that had broken into two pieces, rendering it almost worthless. The two pieces were soldered together, and the surface details were reengraved with incredible skill. Had he not known what had been done, he doubts that he'd ever have detected the repair work. We've seen holes filled, surfaces smoothed, scratches removed, rim dents hammered out, and details reworked.

TIP

Coin repairs that require the addition, removal, or movement of metal from one area to another are criminal fraud. In many cases, a coin must be softened by heat to make the repair work easier. Destroying the natural luster and appearance of the surfaces of a coin is very easy. Because most coin repairs are localized, coin doctors try to cover their work by cleaning and recoloring the entire coin. We've even seen repaired coins that were distressed to create natural-looking marks and nicks.

WARNING

Be smart, and stay away from cleaned and recolored coins; they may be hiding a host of problems.

Recolored coins

Recolored coins come in two categories:

- Coins that have been stripped of color and retoned
- Coins that were original but have had color added to make them more attractive

The difference between the two categories is subtle but important. Stripping destroys the natural quality of a coin's surface, whereas the color on an artificially toned coin can usually be taken off, and the coin underneath will still have original-looking surfaces.

Recoloring is most obvious on copper coins when the original color has been dipped or stripped away, leaving a bright, unnatural orange-red color. Copper coins are usually stripped because their color is ugly to begin with or because of corrosion spots on the surfaces. About Uncirculated coins are often stripped to make them look like full red Uncirculated examples. Given time, this bright, unnatural color will tone down to a more pleasant brown color; such a process takes many, many years, and if you follow our recommendations in Chapter 4 for storing your coins properly, it may take forever. As a result, coin doctors speed the process by applying a salve of pure sulfur powder and petroleum jelly to the surfaces of the coin until the desired brown color is achieved. As you may suspect, a lot of chemical activity takes place on the surfaces of a recolored coin, and chemical activity on a coin is always bad.

Under the right circumstances, a silver coin acquires the most incredible rainbow of iridescent colors. You'll see mouthwatering descriptions of these coins in auction catalogs and sales brochures (we've used 'em ourselves): "crystalline," "sea-green hues," "pearlescent luster," "pale shades of lilac and gold," "killer toning," and so on. A coin with the right color can fetch a huge premium over an untoned version of the same coin; so considerable profit awaits the coin doctor who can duplicate such a color. As hard as coin doctors try, however, no one that I know about has ever been able to duplicate killer toning on a coin. But the results can fool new collectors and sometimes even those who have been around coins for a very long time.

REMEMBER

Differentiating between real and artificial toning is difficult, requiring the examination of lots and lots of coins and years of experience. In the meantime, protect yourself by staying away from toned coins or by purchasing only coins that have been encapsulated by reputable grading services (which can discover and reject fake toning).

Getting Duped

If it sounds too good to be true, it probably is. If someone offered to sell you a $1,000 coin for only $100, would you buy it? What if someone asked $200 for a coin worth only $50; would you buy it? Would you buy an overgraded coin for twice what it's worth?

Amazingly, people buy overgraded, overpriced, and fake coins every day — usually because they think they're getting the bargain of a lifetime. But in just about every case, the bargain turns out to be a very bad deal, and the customers end up losing money. Worse, the customers get fed up with coin collecting and end up discouraged.

REMEMBER

Don’t think you won’t find bargains in numismatics. Dealers often give nice discounts on older material or overstocked items. Using your knowledge, you may find a rare variety worth several times the asking price. You may find a dealer or collector who is a bit too conservative in grading. But as a rule, you aren’t going to find $1,000 coins for $100 (especially when it comes to rare, key date coins). If you do, something’s wrong.

Scams

Scam artists sell you something, take your money, and never deliver the goods. You’re most likely to encounter this problem when ordering coins through the mail, but we’ve also heard horror stories about people who ordered thousands of dollars in bullion gold from local operators, only to have their money disappear.

TIP

Protect yourself before ordering by checking out the seller’s reputation within the industry. Ask around; most national dealers know who the bad eggs are. Be careful when giving your credit card number to strangers; otherwise, your card might be used to make bogus charges. On the other hand, if you do use a credit card to place your order, you may have recourse through your credit card company.

Misrepresentation

The coin you receive may be different from the one you ordered. Sometimes, the difference is obvious; at other times, the difference is so subtle that you don’t detect it until it’s too late. In such cases, the seller hopes you won’t notice, complain, or care.

If you order a 1900 silver dollar and receive a 1945 half dollar, the seller’s shipping department probably made a simple mistake that can be cleared up with a quick phone call. If you order an Extremely Fine 1921 half dollar, and the coin you receive has nice details but big nicks on the rim that weren’t mentioned in the description, you’ve probably been cheated. If the coin shows up in a slab from some grading service you’ve never heard of, you’ve been had.

Additional scams in this area include coins that have been repaired, artificially colored, altered, faked, or otherwise “improved on” to make them appear more valuable.

Overgrading

Before the advent of the independent grading services, unscrupulous or uneducated dealers made a nice living off new collectors by deliberately overgrading coins or not knowing how to grade themselves. Fortunately, grading services practically eliminate this problem by providing an independent grade that is recognized and accepted by virtually every dealer and collector in numismatics. If you don't know how to grade coins, don't buy coins that haven't been independently certified or graded.

Undergrading

We'd all like to buy a coin for a fraction of its true value. But would you do it by deliberately knocking the grade of someone else's coin to undermine its value? A lot of people would, it seems, because this practice is common in numismatics.

Suppose that you bought a coin in Extremely Fine condition for $500. After you've owned the coin for five years, you decide to sell it and use the money to buy other coins. The market value has gone up slightly since you purchased the coin, so you expect to get offers in the $475-to-$525 range. A dealer looks at your coin, comments on what a lovely piece it is, and offers $250. "What?" you ask. "How can you offer $250 for an Extremely Fine coin worth more than $500?"

The dealer replies calmly, "But your coin is only Very Fine. The catalog price is $200, so I'm being more than fair in offering you $50 over catalog."

Welcome to the world of undergrading. This scenario is also common when the buyer doesn't know how to grade coins.

TIP

The problem of undergrading is one of the best reasons I can think of to certify your valuable coins. After you've settled the grading question, you can argue about the price, which is a whole other issue. (For an explanation of how grading services work and tips for submitting your coins, see Chapter 18.)

When is a profit too much? If a 5 percent markup is fair, what about 10 percent, or 25 percent, or 100 percent? Should the profit margin be tied to the cost of a coin, or should it be related to the market price? These questions are ones that all dealers struggle with as they attempt to strike a balance between fairness and profitability. We're firm believers that any profit earned in a fair and equitable manner is well deserved, no matter how large or small it is. On the other hand, I consider any profit earned by deliberate manipulation of any part of a transaction to be unconscionable — again, no matter how large or small the profit is.

Cheap offers

Most knowledgeable professional dealers work on *close spreads;* they pay fair prices when buying, and ask fair prices when selling. Some dealers want to make a killing on every coin they buy or sell, however, and they do it any way they can. The dealers who make cheap offers are usually the same ones who undergrade your coins. (The methods are the same.)

This time, you take your Extremely Fine coin to a dealer, again expecting to get an offer in the $475-to-$525 range. The dealer looks at your coin, ad agrees that it’s a lovely Extremely Fine, and offers $250. “What?” you ask. “How can you offer $250 for a properly graded coin worth more than $500?”

The dealer replies calmly, “But I have a lot of expenses running this operation, I don’t need the coin for inventory right now, I don’t have any customers for it, and I’m trying to conserve cash.”

Welcome to the world of cheap offers. The dealer is hoping that you’re desperate to sell, you’re stupid, or you don’t have anywhere else to sell the coin.

TIP

To combat the problem of cheap offers, get bids from at least three dealers. If you’re still not satisfied, try selling the coin yourself or offering it in an online auction (see chapters 21 and 22). The extra effort on your part may pay off handsomely.

Caveating Your Emptor

TECHNICAL STUFF

Caveat emptor is Latin for “let the buyer beware.” When it comes to coins, this concept means that the buyer alone is responsible for determining the quality of a coin before buying it. The seller has no responsibility whatsoever to inform the buyer of any defects or flaws. If the buyer finds any defects or flaws after the transaction is completed, the buyer has no recourse against the seller. Sounds pretty one-sided, doesn’t it?

Consumer protection legislation lessens the impact of *caveat emptor.* In many cases, the buyer *does* have some recourse against the seller. As a general rule, however, you should treat all your coin purchases as though *caveat emptor* applies. Expect the worst, investigate each transaction as thoroughly as possible, and hand over your money only when you’re completely satisfied that all is well.

Saving the Day: Return Privileges and Guarantees

Most coin dealers want their customers to be happy because they like repeat business. Dealers realize that happy customers return to purchase more coins. Happy customers are more likely to tell their friends about the positive experience they've had with a particular dealer.

Businesses spend large amounts of money to attract new customers. The cost of retaining customers is much lower than the cost of finding new customers, but only if the customer is treated right. With this fact in mind, the typical coin dealer usually offers a return privilege of some length. During this time, you may have the coins evaluated by an expert or certification service, and if you're not happy with the coins, you can return them for a refund.

TIP

Return privileges are your chance to decide whether you really like the coins you purchased. Our advice: If you don't like a coin, return it immediately. We guarantee that if you don't like a coin today, you'll hate it even more tomorrow. To this day, I own several coins that he simply can't stand. Every time he sees them, he asks himself "Why the heck did I ever buy this piece of junk?" Instead, he should be asking himself "Why didn't I return this coin when I had the chance?"

Return privileges appear in a variety of forms and lengths, ranging from no return privilege (the worst) to an extended flexible period that's fair to both you and the dealer (the best). Most return privileges fall somewhere in between.

REMEMBER

Before buying a coin, find out what kind of return privilege your dealer offers. Instead of a cash refund, you may be offered a credit against future purchases. Think twice before accepting a credit; you may never be happy with anything you receive from the seller. Never assume that you have a return privilege; ask.

No return privilege

If no return privilege is mentioned, there probably isn't one. No return privilege means that you're buying the coin as is, and you must accept it no matter how bad or how nice it is. That said, however, the coin must be authentic, as required by law. You can always return a counterfeit or altered coin to the dealer from whom you bought it.

WARNING

Never buy any coin as is unless you've inspected it and are completely satisfied that it's authentic and described properly. If you buy a coin from someone other than a known professional coin dealer, you may have no recourse if you discover later that the coin is fake, repaired, or something other than you expected if you can't find the seller later. Be sure to read the terms and conditions of sale before bidding in auctions, especially as a floor bidder. (Swing over to Chapter 18 for auction advice.)

Return privileges

Return privileges in the coin industry run from none to 30 days. A ten-day return privilege is one of the most common in the coin industry. Ten days allows you just enough time to examine the coin for yourself but not quite enough time to show it to many experts and certainly not enough to submit the coin to any of the grading services. Make your own decision, and make it quickly.

A 30-day return privilege gives you enough time to do whatever you need to make yourself confident about your purchase.

WARNING

Be sure to find out when the time period for the return privilege begins and ends. Does the ten-day period begin with the postmark date, the date the coin was shipped to you, the date you received it, or some other date? When must you return the coin? Is a postmark date sufficient for meeting the return date? What happens if you don't return the coin on time?

After you establish yourself as a legitimate customer, sellers are more likely to allow for negotiated return privileges. You can arrange for the seller to submit your purchase directly to a grading service and notify you when the coin comes back, for example. If the grade comes back as expected, you take delivery of the coin; if not, the seller keeps it. The idea is to establish trust and a good working relationship between buyer and the seller. State your requirements and negotiate your terms up front.

TIP

Before you become too entangled with a seller, try a test return to see how you're treated. If you encounter any problems, be wary, and consider dealing with someone else. Some dealers hate returns, and they perceive anyone who returns coins as an undesirable customer; if you return a single coin, they'll never do business with you again. Other dealers take a more reasoned approach, understanding that legitimate differences of opinion exist among buyers and sellers. If you return eight of ten coins from every order, however, something's wrong. Are you being too picky, or are the coins really that bad? In either case, move on, and try your luck with another seller.

Guarantees

Many businesses use guarantees as a means of instilling confidence in potential customers. Guarantees are also used to induce customers to spend their money.

All else being equal, you're more likely to buy from someone who offers a guarantee than from someone who doesn't. Aren't you? I know *I* am.

Here are some examples of guarantees:

- **Unconditional guarantee:** An *unconditional guarantee* means that you can return the coin for any reason, no questions asked, within the time allowed for the return privilege. Unconditional guarantees are offered only by sellers who sell quality coins and are truly interested in satisfying their customers. But for the most part, dealers offer a credit, not a refund, so ask first.
- **Guarantee of authenticity:** Be sure that the seller is willing to stand behind the authenticity of any coin they sell. Steer clear of any seller who lacks the expertise, the willingness, or the financial ability to ensure the authenticity of their coins. Besides, federal law requires the seller to take back a fake coin and refund your money.
- **Guarantee of grade:** A guarantee of grade assures you that the coin you purchase will meet a minimum grade if sent back to a certification service that graded it in the first place. But because you're buying only certified coins, you shouldn't need a guarantee of grade.
- **Buyback guarantee:** Some firms offer to buy back the coins they sell. These firms will buy the coins back at a percentage of the future market or at a fixed price, usually above what you paid for the coin. This guarantee is a powerful enticement to some people, because it seems that there's no way for them to lose money.

REMEMBER

Keep in mind that there are different kinds of guarantees and that a guarantee, like a return privilege, is only as good as the person offering it.

WARNING

Unfortunately, no firm, no matter how financially strong, can support a buyback guarantee, and no legitimate coin dealer will offer such a deal.

TIP

Most grading, authenticity, and pricing issues can be resolved if you stick with certified coins and have a *Greysheet.* The small premium you pay for certification may be some of the best money you ever spend, and you won't need no stinkin' guarantee.

Slamming the Scammers

If you feel you've been scammed, cheated, or otherwise defrauded, do something about it! Scammers hope you'll be too embarrassed or too busy to do anything. Fight for your rights and money! Sometimes, all it takes is a little pressure to help resolve your case. By going after scammers, you protect yourself and anyone else who may be a potential victim.

WARNING

You may be mad, but don't make exaggerated or outrageous claims, and be careful what you say about the seller. Don't make things worse by inviting a lawsuit for slander, libel, or defamation of character. Stick to the facts — the ones you can document.

TIP

If you feel that you've been scammed, check out the following tips:

- **Try to resolve the problem with the seller.** Give the seller a chance to resolve the problem by communicating your wishes clearly and reasonably. Let the seller know that you're prepared to take additional steps if you don't receive satisfaction. Legitimate dealers resolve the problems with their clients because doing so is good business. You may be offered a discounted settlement that you must weigh against the costs of proceeding further.
- **Talk with an attorney.** Find out what your rights are under the law by contacting an attorney. A letter from your attorney lets the scammer know that you're serious and may result in a quick settlement.
- **Document your case.** Keep a diary of your case, including documentation of the original transaction, any correspondence, phone calls, and so on. Be as detailed as possible. Include dates, times, places, and anything else that can bolster your case.
- **Contact the Better Business Bureau (BBB).** File a complaint with the BBB, even if the seller isn't a member. You can find the BBBs contact information at `https://www.bbb.org`.
- **Contact your credit card company.** If you used a credit card to make the purchase, file a complaint with the credit card company. You may be able get your money back through the credit card company itself.
- **Contact professional organizations.** File complaints with any numismatic or professional organizations of which the seller is a member. Some organizations have standard procedures for dealing with complaints, including hearings before ethics committees, arbitration proceedings, and expulsion of offenders.
- **Contact the Federal Trade Commission (FTC).** File a complaint with the FTC, which is already well aware of consumer fraud in numismatics. You can contact the FTC at 600 Pennsylvania Ave. NW, Washington, DC 20580 (phone: 202-326-2222; web: `www.ftc.gov"https://www.ftc.gov`).

- **Notify law enforcement authorities.** You can contact the attorney general and local law enforcement authorities in the seller's state to see whether any laws have been violated. If laws have been violated, you can press charges. Keep in mind that going this route can be time-consuming and doesn't often yield great results.
- **Avoid the problem in the first place.** Deal with knowledgeable professionals who have been in business for years, and buy only coins that have been certified by Professional Coin Grading Service or Numismatic Guaranty Corporation (see Chapter 18). Pay fair prices, and get what you pay for. Stay away from stray dealers online and at coin shows selling uncertified coins or coins certified by unknowns.

IN THIS CHAPTER

- **Your coin's journey to making the grade**
- **Getting to know the professional grading services: NGC and PCGS**
- **Going the extra mile with Certified Acceptance Corporation (CAC)**
- **Preserving your coins' originality**

Chapter 18

Grading with the Pros

Wouldn't it be great if you could hire the best coin graders in the world and have them tell you the grades of your coins? You can, through the process of grading and certification with a professional grading service.

Top expert graders in the field that have spent years honing their assessment skills to be able evaluate and grade coins accurately. Their accumulated knowledge is gathered from seeing and studying vast numbers of coins of all different types and varieties, which gives them a unique perspective to determine a coin's meaningful characteristics and then to award it, or not, with a position on the grading scale. This process of grading, and ultimately certification, determines authenticity with degrees of comparison that are guaranteed. Your coin's market valuation is generally increased by this process.

Only two professional grading service companies are recognized throughout the industry and globally to grade and certify coins: Professional Coin Grading Service (PCGS) and Numismatic Guarantee Company (NGC). More information and how to contact them is discussed later in this chapter.

The Grading Process

Certainly not all of your coins are worthy of certification; nor do you want to pay the fees for submitting marginal coins that don't make a grade. I suggest seeking out preliminary opinions from your own network first before submitting. As I discussed earlier in this book, hopefully you have established a relationship with a coin dealer in your area, joined a local coin club, or attend coin shows regularly so you may solicit a few other opinions. It won't be hard to strike up a conversation for this purpose. Generally, the coin community loves to critique, and having another set of eyes is always a plus. In any case, if you have decided that your coin warrants taking the journey, then prepare to take the next step and submit your coin or coins for the grading process by world-class experts. For a small per-coin fee, it will give you full confidence in your coin's authenticity and grade, which translates to a secure position when establishing market value and liquidity when you deem it's time to sell.

Submitting coins to be graded

After you have determined which coin(s) that you would like to submit to be evaluated for grading and possible certification, the process of submission is generally similar for either NGC or PCGS when submitting raw coins:

1. **Visit the website of both grading companies to learn about their online resources.**

   You will need to establish an account to submit coins for grading, and because both companies have various membership levels with tiers of benefits, it's best to take the time to read through and pick the one that best suits you.

2. **Provide the details of your coin(s): quantity, identifying date/mint mark, and denomination, plus a description of variety or features, if applicable.**

3. **Choose grading tiers based on the coin's value, the turnaround time needed, and other service levels such as; encapsulation options, images, and so on.**

   Filling out the submission form walks you through the estimated charges and the payment process, including your fee for the return shipping for when your coins are done.

4. **Pack your coins for shipment.**

   I recommend sending each coin in a mylar flip. Make sure you tape up the packaging box completely to prevent tampering. You will find specific directions on packaging and approved carriers by each vendor. Most important, always insure your package in case of loss.

Grading

Grading is a team effort, with at least two and often three professional numismatists examining every coin. To maintain impartiality, professional coin graders cannot be involved in the commercial buying and selling of coins. Each coin is examined by one coin grader at a time, who then enters the coin grade into the computer system.

In some instances, it may be necessary to add supplemental information that further describes a particular coin. For example, copper is a chemically reactive metal that tends to lose its mint red color over time, so the amount of red color is often diminished. Therefore, coin graders must also enter the determination of whether a copper or bronze coin is fully red (RD), a mixture of red and brown (RB), or all or nearly all brown (BN). These designations appear following numerical coin grades. Other examples of supplemental designations assigned by the coin grader include a determination of whether a Mercury Dime is fully struck up and has full split bands (FB), or whether a Franklin Half Dollar is fully struck up and displays full lines on its Liberty Bell (FBL). These distinctions may seem esoteric to the beginner collector, but they play a significant role in providing a more complete description, and thus they are essential in the coin grading system. It is important because an accurate description may later impact value.

Coins that have been damaged or display excessive surface hairlines or other detrimental surface conditions must have their problem surface impairments properly described. This is done using *details grading*, a service performed automatically when applicable. Coins with detrimental surface conditions are described using details grades that accord to the level of wear and descriptions of their impairments. They are then encapsulated using a distinctive detail grading label.

There are other coins that cannot be encapsulated by the grading service at the determination of the individual professional coin graders. These include coins that are not genuine or are genuine but have altered dates or mintmarks, or have been modified by unscrupulous dealers or collectors aiming to improve the look of a coin. Coins with active residue, including PVC, also cannot be encapsulated, but many of these coins are likely to be eligible for certification after conservation.

Encapsulation

After coins have been graded and the necessary data has been entered into the respective data fields, the newly certified coins are taken from the grading department into the encapsulation department. Here, labels are printed out bearing the following text:

- The coin's date
- Mintmark (if any)
- Denomination
- Variety (if any)
- Grade
- Special designation, such as FB for "full bands" (if any)
- Identification number

This last item is extremely important, as it serves to make each certified coin label unique. It is also an important part of the system of deterrent to the counterfeiting of labeled and valuable coin encapsulation process. All the above information is duplicated in a barcode, which appears underneath the written text on the certified coin's label.

The newly printed labels are matched with the certified coins to be encapsulated with them. The coins are now ready to be placed inside a plastic core piece that holds the coin securely within the transparent holder. Every grading service maintains a wide assortment of these white, colored, or clear cores to assure a proper fit of the coin to be encapsulated, with different size openings to allow for the many United States and foreign coin types that are certified. The core, like other components of the holder, is made of inert material that won't affect the encapsulated coin.

When this accomplished, each certified coin has its label positioned in place on the core, and these components are then enclosed within matching top and bottom transparent plastic shells. Next, all the pieces, including the coin itself, are blown free of dust and other contaminants by a jet of compressed air. This process is performed one more time when the shell pieces have been sealed around the core, through a combination of compression and ultrasonic vibration.

Shipping

After encapsulation, the next step in the coin grading and certification services is to return all coins to the grading department for final inspection. An industry professional examines each encapsulated coin to make certain the grade and its accompanying descriptive information is correct on the label and matches the enclosed coin. This professional also inspects each coin for any flaws on its holder, such as scuffs or nicks.

After all the coins have been inspected, they're delivered to the shipping department for packaging. The coins are counted, and labels are checked against the original invoice, to make certain that no mistakes have occurred. A shipping department employee then verifies the method of transport as selected by the submitter on the invoice and prepares the coins for delivery.

Regardless of whether the US Postal Service or a private contact carrier is used, the method of packaging is essentially the same. The encapsulated coins are carefully and securely packed along with a shipping copy of the submitter's invoice. Properly registered and insured, the coins are safely shipped and are soon in the hands of their proud owners.

Numismatic Guarantee Company (NGC)

NGC is the world's largest third-party grading service for coins, tokens, and medals, with more than 52 million coins certified since the company was founded in 1987. Collectors, dealers and auction houses around the world trust, understand, and use NGC's grades. NGC employs more than 30 full-time graders who have hundreds of years of combined numismatic experience and expertise. NGC graders have access to the latest specialized equipment, a comprehensive high-resolution image catalog and the latest research, and an enormous library.

It is an obvious conflict of interest for a grading service or its graders to buy and sell coins commercially. To ensure impartiality, NGC and its full-time graders do not buy and sell coins commercially, and strict procedures are in place to prevent consultants from influencing the grades assigned to their own submissions. NGC does not compete with its customers.

NGC's encapsulation holder is the result of millions of dollars in research and development and decades of refinement. It is designed to provide superior preservation and display for coins and has numerous security features to deter tampering, such as an ultrasonic seal and an advanced-technology hologram that is virtually impossible to duplicate. The Smithsonian Institution, the Shanghai Mint Museum and other museums around the world use NGC holders to protect some of their most valuable rarities.

Guarantees help to protect collectors, dealers, and investors, and NGC backs each US and world coin that it certifies with the comprehensive NGC Guarantee of authenticity and grade. (See Figure 18-1.)

To Contact NGC, call 1-800-NGC-COIN or visit their website at `www.ngccoin.com`.

FIGURE 18-1: Numismatic Guarantee Corporation Chairman & CEO Mark Salzberg.

Professional Coin Grading Service (PCGS)

Professional Coin Grading Service (PCGS) was founded in 1986 by a group of coin dealers and numismatic experts who wanted to combat the growing problem of counterfeits and erratic marketplace grading. PCGS revolutionized the coin industry by becoming the first to authenticate, grade, and encapsulate coins at scale. Customer demand was overwhelming from day one, and PCGS quickly grew to become a household name on the numismatic scene. In more recent years, the company has expanded well beyond the United States and is the global leader in third-party numismatic grading with offices in Europe and Asia, where growing popularity of the hobby has created record demand for PCGS internationally.

Customer care is paramount to the entire team, from each grader and sealer to company leader, Stephanie Sabin, who became the first female president of PCGS in August 2021 (see Figure 18-2). The PCGS team boasts great diversity and incredible expertise, encompassing many of the most knowledgeable and respected professionals in the hobby.

To contact PCGS, call 1-800-447-8848, or visit their website at `www.pcgs.com`.

FIGURE 18-2: Stephanie Sabin, CEO of Professional Coin Grading Service (PCGS).

Certified Acceptance Corporation (CAC)

CAC is a service that verifies the grade determined by PCGS and NGC. In fact, it is more like a grading service for grading services, affixing the CAC label on other grading services certified coins as a seal of approval for the most selective buyers. CAC remedies technical variations of professionally graded coins of the same grade. CAC determination sorts out the high grade and low-grade examples of the same technical grade and with the variation of quality comes a different price structure.

To contact Certified Acceptance Corp, call 908-781-9101 or visit their website at `www.caccoin.com`.

The Other Guys

Second-tier grading services other than the pros do exist, but they are not recognized by the industry and will not add value to your coins. In fact, unrecognized grading will negatively affect the value at resale. No slabbed coins graded by second tier graders will cross over for re-grading by NGC or PCGS, either. Save yourself the trouble and avoid the rookie mistake, go with the pros. Second-tier grading services can be unreliable and mislead the unaware collector.

As of this printing, I have seen and photographed 129 other grading services that are or were in the market to sell coins to uneducated or confused collectors. Many of these services operate from the basement of some wannabe coin dealer or are in-house third-party graders who certify their own product and then resell them to uneducated consumers. The quality of their grading services ranges from grading coins improperly due to a lack of talent all the way to criminally grading damaged or counterfeit coins that are sold as genuine. The coin collector can save themselves time and money bypassing these services that assign grades but do not meet the accepted standards set by the industry. I don’t recommend using any grading service other than NGC or PCGS.

Restoration and Conservation

Both major grading services provide conservation or restoration services to genuine coins that have been abused. Submitting a coin for conservation or restoration in no way guarantees the upgrade of the coin. Grading services only commit to preserving and restoring coins to their original and natural condition when it is possible.

Toning

Restoration will not remove original toning simply to make a coin white or will never add toning to a coin. In cases where removing toning is necessary and desirable and will not detract from the coin, it may be done. This type of toning may be the result of improper storage, interaction with corrosive materials, or a stain due to an accidental spill. Restoration will remove any contaminants that are determined to have been deliberately and artificially applied. Examples include putty, dumdum, grease, and other substances known to be used by "coin doctors." Restoration will remove contaminants introduced to the coin's surface through improper care or storage, and examples include PVC or verdigris, dirt or debris can often be removed through a gentle rinse. Restoration will never add any substance to the surface of a coin.

Spots

Spots on coins can be the result of a variety of causes. Many spots can be removed, yet some cannot be removed without damaging the coin. Conservation will not attempt to remove a spot unless it is determined that the spot significantly detracts from the coin's overall appearance or is active and will continue to grow. The conservator will not attempt to restore a spotted coin if in their opinion, a spot is so deep that removal would lower the coin's overall condition. Older spots such as old spittle or old thumbprints often cannot be removed without stripping the coin's original surface and will not be attempted. Newer contaminants such as recent fingerprints can be removed. Also, certain spots due to corrosive interactions can often be removed without impairing the surface.

Metal

No conservator will ever add, remove, or alter the metal on the coins surface. This includes unethical and illegal practices such as smoothing, whizzing, polishing, engraving, lasering, and so on. Issues such as scratches, dings, planchet flaws, or bending cannot be corrected. If it is determined that a coin suffering from one or more of these problems does not have other issues that can be addressed through restoration, the coin will be returned uncertified.

Means to an end

You may ask, why bother with all of this effort and expertise? Well, there are plenty of advantages to having your coins professionally certified by NGC or PCGS. You will know whether you coin is real or whether it's been tampered with.

You will know what grade it is and what specific variety it is. You will have a determination of rarity, a figure of price from the grade, and you'll eliminate future damage to the coin for it will now be encapsulated in a holder.

Yes, it is a slow process, and it can be expensive for a large collection, but if you have vetted your submissions properly, it's worth it. The alternative, selling ungraded, pales in comparison.

Whether you are planning on selling in the future or passing your coins down to your heirs, taking the step to get your coins graded by either of the two recognized professional grading services ensures you will have done the work to maximize value.

IN THIS CHAPTER

- Knowing what to expect when you sell your own coins
- Getting ready and knowing where to sell your collection
- Becoming a master coin seller

Chapter 19

Selling Your Coins Yourself

Selling your coins yourself can be a fun and rewarding experience. On the other hand, it can be a daunting and unpleasant task. A lot depends on your own personality, your abilities as a salesperson, and the way you handle acceptance and rejection. Consider carefully whether your time and efforts will net you more money than if you pay a commission to a professional coin dealer who sells the coins on consignment and has better access to the coin market. It's very unlikely that you'd do a better job than a paid professional would.

Your approach to selling your coins should be the exact opposite of your approach to purchasing them. When you collect, you try to buy the best coins for the lowest price; when you sell, your goal should be to sell most of your coins for the best prices and the best coins for stupendous prices.

In this chapter, we give you detailed instructions on the best ways to market and sell your own coins. Try selling a coin or two to see whether you enjoy the experience. If you have fun selling your own coins, go for it.

Knowing What to Expect

To help you in your decision-making process, following are a few of the realities that every seller faces, whether the product is a vacuum cleaner or a silver dollar:

- **Rejection:** Yes, people will turn down the chance to buy your coins. They may reject the price, the grade, or even you, and they don't need a reason to do so. You or your coin may be rejected ten times before you get a positive response or any response at all. Can you handle rejection?
- **Lowball offers:** Some dealers don't know what your coins are worth; some don't care; and some won't work for less than a giant profit, so you may receive an offer that's substantially below the market value of your coin. Can you handle a lowball offer without taking it personally and avoiding a big argument with the dealer who made it? Can you walk away from a fight?
- **Insults:** Sure, your coin is beautiful. The person who sold it to you thought so, and so do you. But what happens when you offer your coin to someone who disputes the grade or insults the condition of the coin in an attempt to get a more advantageous price? Can you avoid taking the situation personally?
- **Seller's remorse:** Seller's remorse ranges from the sad feeling you get when you sell something that was near and dear to your heart to the sickening feeling you get when you discover that you sold something too cheap. If seller's remorse hits you, we offer the following advice: Get over it! Don't cry over spilled milk. Let bygones be bygones. *Que sera sera.*

  TIP

  If you can't handle seller's remorse, let someone else sell your coins for you. Otherwise, you'll go crazy every time you write an invoice.
- **Eager buyers:** Okay, we've listed the depressing aspects of selling your coins, so now it's time to give you a little hope: You'll meet eager buyers who are willing to pay high prices for your coins. Just hold yourself together until you do.

Deciding Whether to Sell Coins Yourself

In light of the issues raised in the preceding section, you have to decide whether to sell your coins yourself, on consignment through a dealer, or at auction. To make this decision, ask yourself the following questions:

- **Do I have the time?** Besides getting your coins ready to sell, do you have time to travel to coin shows in your area or around the country and present your coins to dealers and collectors? What is your time worth?

- **Do I have the motivation?** Sales may not meet your expectations. Can you avoid becoming discouraged?
- **Do I have the desire?** Consider whether selling coins is what you really want to do — instead of, say, lounging in a hammock with a tall glass of iced tea.
- **Do I have the patience?** If your coins don't sell today, can you wait another week or month or year?
- **Do I have access to the market?** Consider whether you have contacts with top collectors and buyers in your area of interest.

TIP

Be honest as you answer each question; then let your answers be your guide. If you feel weak or inadequate in any area, perhaps you should forsake this idea and start negotiating terms with a dealer or auction house. On the other hand, if everything looks positive, get busy!

Getting Ready to Sell Your Collection

Whenever you sell something, prepare for the sale by making the item as attractive and close to new as possible. After all, when you sell your house, you don't leave it unpainted, dirty, and unkempt. When you sell your car, you don't leave it unwashed and unwaxed, with empty fast-food bags in the back seat. Coins are the same way. You want your presentation to be professional and attractive.

Knowing what you have

This advice may sound obvious, but make sure that you know exactly what you have before you try to sell it. To price your coins properly, you must know what they are, which means carefully evaluating and classifying each coin. Some of the gold coins that were issued by the Charlotte Mint in the 1800s, for example, have weak *mintmarks* (a small letter that identifies the mint). Do you have the more common coin without the mintmark, or do you have the rare coin with a weak mintmark? Have you checked your coin to see whether it's a rare die variety that may be worth many multiples of the price of a common coin?

Doing this sort of research before you begin selling ensures that you won't give anything away or ask too high a price for a common coin. This type of research iss also extremely difficult, and probably impossible, for an amateur to do correctly.

Understanding that looks are everything

A dirty holder can make a nice coin look bad or make it difficult to see. If you need to, buy new holders for your entire collection. Placing your coins in new holders allows potential buyers to see your coins at their best and gives your collection a consistent, attractive appearance — one that shows how much you appreciate and care for your coins.

Getting the grading done beforehand

Take a careful look at your coins, and decide which ones are candidates for third-party grading (see Chapter 16). You'll need help, so seek the advice of a competent professional (see Chapter 15). Get any rare or valuable (worth more than $200) coins graded so that you can eliminate arguments about grading with any potential buyer. Rest assured that if you don't have the coins graded, the new buyer will. Dealers know the value of certification, and you need to take advantage of getting your coins certifiedfor your own benefit.

TIP

When your coins come back from the grading service, carefully evaluate the coins to see whether you agree with the grades. You can try resubmitting any coins that appear to be conservatively graded; you may be rewarded with a higher grade.

Pricing properly

Use price guides to determine the latest wholesale and retail prices for your coins. If a particular coin is so rare that it hasn't appeared on the market for several years, be aware that some guides base their pricing on auction records that may be five to ten years old. In such cases, determining a price is pure speculation, so err in your favor.

TIP

As far as pricing goes, remember the old saying "You can always go down, but you can't go up." Try for a high price initially. If you don't have any success, you can always lower the price.

Before you show a single coin to the first potential buyer, be sure to have everything neatly organized, properly priced, and ready to go. Coin dealers, especially those at coin shows, have little patience with a seller who fumbles around looking for price guides or has no clue about what prices they want. Be prepared so that you and the buyer can make quick, informed decisions. The price you want should be written on each coin case or flip, and you should always know — let us repeat, *always know* — how many coins you have with you.

Knowing Where to Sell Your Coins

Who knows your market better than you do? If you've spent any amount of time acquiring your own coins, you already know the best contacts in the business. The people you dealt with in the past are most likely the people who are interested in purchasing your coins today. The following sections explain where you can find them.

Coin dealers

If you have a good relationship with a professional coin dealer, try a sample sale to see the levels at which they're willing to buy your coins. Be aware that dealers have a lot of overhead (rent, utilities, salaries, and so on), so to stay in business, they must make a profit on the coins they sell. Your goal is to find the dealer who's willing to work on the lowest profit margin, which means more money in your pocket.

You can sell your coins to dealers in either of two ways:

- **As a complete deal:** You may not receive as much money per coin by selling your collection in one fell swoop, but at least you'll sell every coin.
- **One coin at a time:** You may make more money per coin, but you'll end up with some unsold coins.

Compare the amount of money you'd receive from each method and balance that amount against the time and effort you'd spend preparing and marketing the coins.

Selling your entire collection

Selling your entire collection is perhaps the easiest, least time-consuming, least labor-intensive way to sell your coins. You simply pile your coins into a big box, cart them down to the local coin shop, and say, "Figure out what you can pay me for these." We suggest being a little more prepared than that, of course. Have an inventory list made up so that all the dealer has to do is make sure that all the coins are present and accounted for, and then write their offer next to each coin. A lot of dealers won't take your entire collection and spend time researching and pricing each coin for free. Approach a dealer with a list of your coins and do your own research on the value of your collection.

TIP

Just as you compare prices when you purchase coins, get at least three bids for your collection to make sure that the offers you receive are fair. you may have difficulty finding dealers to make bids on your coins, however. Many dealers refuse to make offers because of the time involved and the possibility of rejection, so be prepared to pay for the offer, which is basically a free appraisal. Don't let this fact discourage you from getting at least three bids, however; the third bid may be the highest and best.

REMEMBER

Before selling your collection, have a rough idea of what it's worth. That way, when you receive an offer, you'll know whether it's in the ballpark or way out in left field. Keep in mind that the opportunity to sell your collection intact is worth something over having to break it up. Even if an offer is below what you want or expect, keep in mind the work ahead of you if you pass the offer up. I explain why in the next few paragraphs.

Selling your collection one coin at a time

Selling your collection one coin at a time involves much more effort than selling your collection intact. Theoretically, the time you spend selling your collection increases its value, but in reality, does it?

Assume that you're trying to sell a $20,000 coin collection. Dealer A has already looked at the collection and offered $16,000. But you think you can get close to $20,000 if you split the collection up and offer the coins on an individual basis. After spending 35 hours marketing your collection, you sell $17,000 worth of coins, and you believe that you can sell the rest for an additional $500. On the surface, it appears that you came out $1,500 ahead by marketing your coins yourself. But did you?

To make a proper comparison, you must factor in the value of your time. One way to determine this value is to multiply the number of hours you spent marketing the coins times your hourly wage. If you make $10 an hour at your regular job, for example, your time is worth $350 (35 hours × $10), so you still come out ahead by breaking up the deal. The break-even point, in this example, is $42.86 per hour ($1,500 ÷ 35 hours). Thus, if you make more than $40 an hour as a wage earner, reconsider trying to market your own coins; let a dealer handle the sale.

Don't discount or underestimate the value of your time. The time you spend selling your coins could be spent doing something else, including working and earning money or taking it easy. In life, to do one thing, you must give up another, which is known as an *opportunity cost.*

WARNING

Don’t lower your prices until you’re satisfied that no one will pay what you’re asking. As you sell your coins one at a time, you invariably end up with leftovers. By hanging tough on prices and rationing your best and most valuable coins, you don’t end up with a bunch of junk coins when all is said and done. See “Mastering the Art of Selling,” later in this chapter, for tips on becoming a master salesperson.

REMEMBER

Junk coins will always be junk coins. Your best potential resides in your best coins, so concentrate on getting the best prices for them.

Coin shows

Coin shows are great places to sell coins. You have a roomful of dealers competing against one another, as well as specialists who are strong in certain areas and are often willing to pay big premiums for the right coins. Also, many dealers at shows are weekend warriors who do business only at shows.

If you have coins to sell, there’s no better place than a coin show. If you’re breaking up your collection and offering your coins on an individual basis, a coin show is the perfect venue for you. Unfortunately, if you have a big collection (called a *deal*) to sell, a trip to a coin show may not do you much good; coin dealers are too busy at the shows to stop and evaluate a bulky or extensive collection. Nevertheless, you can sow seeds of interest by discussing your sale with the attending dealers. From your discussions, you can determine which dealers merit a follow-up call after the show.

Coin shows are beehives of activity. At a good show, the crush of the crowd makes moving through the aisles difficult. Many of the dealers are occupied with clients, showing them coins and doing deals, and there you are with your box of coins, wondering what to do next. Where and how do you start? Adhering to these common-sense rules will make everyone’s experience a lot better:

» **Be polite.** People respond favorably to a friendly smile, so smile!

» **Wait your turn.** If several people are waiting to speak with a dealer, be patient. There’s no such thing as an emergency in the coin business.

» **Don’t look over someone’s shoulder while they’re working on a deal.** Because coin shows are such open affairs, corporate spies can find out a lot about who’s dealing with whom just by observing. For this reason, and because it’s nobody else’s business anyway, dealers are sensitive when people start looking over their clients’ shoulders in the middle of a deal.

» **Don’t interrupt a deal.** The customer you interrupt may be deep in thought while considering a potential purchase. We wouldn’t want to be in your shoes if you ruined a sale by rudely interrupting.

- **Never make offers in front of a dealer's table.** If you see someone offer a coin worth $200 to a dealer for $100, restrain yourself from blurting out "I'll pay $120!"
- **Don't sell coins to someone else in front of a dealer's table.** If you see a client considering the purchase of a $500 coin at a dealer's table, don't interrupt by offering an identical coin for $450.
- **Keep the area open and clear.** When you view the coins at a dealer's table, keep your stuff off the display cases so that other people can view the merchandise. Don't hog the table.
- **Leave food or drinks at the door.** Imagine a dealer's coin worth $10,000 soaked in coffee.
- **Don't put down your box of coins unless you're invited to do so**. Never leave them unattended, let them leave your line of sight, or let anyone whom you don't know watch them. In other words, use good common sense.

Direct marketing via publications or online services

You may choose to go directly to collectors if you have a specialized collection, such as a collection of die varieties of U.S. half cents (see Chapter 10) or half dollars (see Chapter 11).

Through specialty clubs

Specialty clubs like the following are groups of people who focus on a particular area of numismatics, such as pre-1840 half dollars or U.S. colonial coins:

- Bust Half Nut Club (half dollars from 1794 through 1839), `https://www.busthalfprices.com/bhnc.php`
- Colonial Coin Collectors Club (U.S. colonial coins), `https://colonialcoins.org`
- Early American Coppers (U.S. half cents and large cents), `http://eacs.org`
- John Reich Collectors Society (early American gold and silver coins), `www.jrcs.org`
- Liberty Seated Collectors Club (Liberty Seated coins from 1836 through 1891), `www.lsccweb.org`
- Numismatic Bibliomania Society (coin books), `https://www.coinbooks.org`

Most specialty clubs allow their members to publish price lists in their publications. You'll have to pay something for this privilege, but it costs far less to advertise in a specialty publication than in any of the large national numismatic publications. The audience won't be as large, but you can bet that the collectors you meet will be as serious about their collecting and as eager to buy as anyone you'll ever meet.

REMEMBER

Be sure to target the right audience: Don't attempt to sell a silver dollar to the collectors in Early American Coppers, for example.

Through trade papers

An alternative — and it's not a pretty one — is advertising your collection in numismatic periodicals such as *Coin World* and *Numismatic News or online. You may have to pay fees to advertise and you may receive a lot of low ball offers.* This can be very time consuming and frustrating. This situation is what you'll be facing if you try to market your collection directly to collectors. Ask yourself "Do I really want to be a coin dealer?"

Through online auction site

Online auctions simplify the buying and selling process, but you have to have a computer, preferably one with a high-speed Internet connection. We like online auctions for coins that range in value from $1 to $1,000. Above $1,000, the buyers thin out, and the bids don't seem to be as strong as they are at lower levels. Online auctions take a certain amount of effort, charge a fee, and require you to ship your own packages, but you may find the process to be fun and rewarding. We do!

Consider the following advantages of online auctions:

- The auctions are fun.
- Commissions are very low.
- You meet collectors from all around the world.
- Feedback ratings help keep disingenuous bidders at bay.
- Your coin may sell for much more than it's worth.
- The results are almost immediate compared with mainstream auctions (see Chapter 21).

Also weigh the following disadvantages:

- Online auctions are time-consuming and labor-intensive.
- You have no clue who your bidders are.
- The best bidders may not be online when your auctions close.
- You're responsible for conducting all correspondence and accounting, as well as collecting money and shipping the coins.
- You have to pay the online vendor a commission.
- You must offer lengthy return privileges.

If you want to try your hand at being a mini-auction company, try listing some coins on eBay (`www.ebay.com`), which has a large audience and many buyers. Listing is easy. Follow the instructions on the site, and you can have your first auction up and running in no time.

REMEMBER

Be sure to add pictures. You can't sell coins online without them.

Mastering the Art of Selling

Selling is an art form. The best sellers have outgoing personalities, a love of banter, and self-confidence. They didn't get to the top overnight, however; like you, they had to start somewhere. This section gives you some tips on improving your selling skills.

Be assertive

Many people are afraid to approach coin dealers at shows, especially the biggest dealers with cases full of rare and exotic coins. In reality, those dealers may be your best buyers. Don't automatically assume that a dealer will reject your coins without giving them a chance to say "No." (You may be surprised to hear "Yes.")

TIP

Coin dealers have an old saying: "You can't sell from an empty wagon." Dealers must maintain a certain level of inventory so that customers have items to choose among. The only way for dealers to keep the wagon full is to buy coins from collectors like you!

Talk ’em up

Remember when you bought your coins? The seller probably pointed out how lustrous, well struck, perfectly centered, and well preserved they were. The coins haven’t changed, have they? Use the same descriptions when you sell them. Accentuate the positive, and minimize the negative. There’s nothing wrong with talking up your coins; just be sure that you’re truthful and accurate.

Appeal to a need

In truth, no one needs a coin. Coins are luxury items to be acquired after basic needs such as food, clothing, and housing. But after people become collectors, they need all kinds of coins: coins that fill holes in their albums, coins that are upgrades of coins they already own, or coins that they don’t even know they want yet. Appeal to those needs, and your coins will sell themselves.

Convey a sense of urgency

Buyers hate to think that they may be missing out on something, so conveying a sense of urgency is always a good idea. Let the buyer know that other parties are interested in your coins (which will be true if you’re marketing your coins properly) or that the price you’re asking is good for a limited amount of time. This approach excites the buyer and forces a quick decision.

Stick to your pricing

If you offer a coin to a potential buyer for $1,000, and they politely decline to purchase your coin, don’t ask, “How about $900?” All you’re doing is telling the buyer that your prices are meaningless and that all they have to do is wait for you to lower your price. Show some backbone.

By the same token, a buyer may make a counteroffer. They might offer you $950 for the coin you’re pricing at $1,000, for example. In this case, consider the offer seriously, and accept it if you agree that it’s fair.

WARNING

Be aware that if you walk away from a counteroffer, you’re rejecting an offer that will disappear forever. Coin dealers take great offense when they make an offer to a seller who then shops the coin around to other dealers and comes back to see whether the offer still stands. It doesn’t. The nicer dealers will be insulted but still polite, even though they aren’t obligated to be. The nastier dealers will tell you in no uncertain terms to get lost.

REMEMBER

Dealers make their living buying and selling coins. They don't have time for you to practice your salesmanship on them, so do things right the first time.

Sell from the bottom

The biggest mistake made by both collectors and dealers (and we've made the same mistake ourselves) is allowing someone to cherry-pick their collections. *Cherry-picking* means that a buyer is allowed to buy the best and most valuable coins, leaving the undesirable coins for the owner to contend with later. Invariably, the coins that remain are hard to sell.

TIP

The best possible deal for you is to sell your collection intact, even if it means taking a discount. That way, you don't have to worry about many of the issues addressed in this chapter, or you don't have to worry about them until later.

If you can't strike a deal to sell your collection intact, you can avoid cherry-picking by *selling from the bottom* (focusing your energies on selling the lowest-quality, least-valuable coins first and saving the best, most-valuable coins for last). The practice you get selling from the bottom will serve you well when the time comes to sell your best coins. By then, you'll have the experience of a veteran, and no one will be able to stand against you in a negotiation.

Remain patient

Patience is indeed a virtue when it comes to selling coins. Sometimes, coins take time to sell. Many factors affect how quickly (or slowly) you can sell your coins: market condition, dealers' inventory levels, dealers' and collectors' cash positions, the state of the general economy, and so on. Even after you strike a deal to sell your coins, you may have to finance the deal to make it work, delaying the day when you finally get your money.

THE 20/50/30 RULE

You may have heard claims that coins are as liquid as stocks and bonds — in other words, that they sell quickly at full market prices. Don't believe them! They may be true for certain generic coins that enjoy close buy and sell prices, but most coins take time to sell. In some cases, it may take months or years to find the right buyer.

I came up with the 20/50/30 rule to illustrate the liquidity of most coin collections. Here's how this rule works:

- **Twenty percent of the collection will sell right away.** Why? You undergraded or underpriced the coins, or the coins are rarities or in-demand coins. Selling these coins requires little or no work.
- **Fifty percent of the collection will take a little bit longer to sell.** These coins are right on the money and grade; you have to wait for the right buyer. You may have to put the coins on a price list, walk the collection around to dealers at shows, call certain customers, or run the coins through an online auction. Selling these coins requires a fair amount of time and effort.
- **Thirty percent of the collection will languish and be very difficult to sell.** These coins are the problem coins, the cheap junk, the odd and unusual stuff for which there's no demand, or stuff that's so common that every collector already has what you're offering. (Dealers call these types of coins *spillage.*) Selling these coins requires a lot of time or willingness to reduce the price enough to attract wholesale dealers. In most cases, the profit of a deal is tied up in these types of coins, so you have to balance your desire to sell the coins as quickly as possible against your need to get the best possible price.

You can't figure the profit on a collection until every coin is sold. Until then, you don't have real profits; you have paper profits. If you're familiar with the stock market, you know that paper profits mean nothing until you sell the stock.

Keeping Good Records

Under the current U.S. tax code, you're required to pay a tax on the difference between what you paid for your coin and what you sold it for. Be sure to keep accurate records when you buy and sell coins:

- On the buying side, keep a record of the purchase date, the purchase price, the payment method (cash, check, credit card, and so on), and the seller.
- On the selling side, keep a record of the sale date, the sale price, and the buyer.

Be sure to record all transactions. Losses can be offset against gains to reduce your total income.

WARNING

If you don't have such records, you'll be assessed higher taxes, penalties, and interest if your income tax return is audited. If you have questions, hire a certified public accountant, a competent tax expert, or a financial planner.

Donating the Rest

If, despite our advice, you end up with a bunch of coins that you can't sell, consider donating them to a charitable organization (specifically, a numismatic charitable organization). Making a charitable donation accomplishes three things:

- You get rid of your coins.
- The charitable organization gets something to display or sell.
- You get a nice tax deduction.

Depending on the value of the coins you're donating, you may have to obtain an independent appraisal to support your deduction. For details, contact a tax professional.

IN THIS CHAPTER

- » Understanding how coin auctions work
- » Buying at auctions
- » Avoiding common scams
- » Going online

Chapter 20

Going Once, Going Twice: Buying at Auction

Auctions offer an interesting and exciting way to buy and sell coins. You get to pay what you want, and you have just as good a chance of buying a particular coin as the next person. Auctions generally contain more and better coins than you're used to seeing in your local coin shops; also, you can bid in auctions from the comfort of your own home by submitting your bids by mail or over the Internet. If you really want to experience some excitement, plan to attend any of the major coin auctions scheduled for the upcoming year; it's an experience you'll remember for a long, long time.

In this chapter, I explain how coin auctions work and give you complete instructions on how to participate. Along with filling you in on the benefits of buying at auction, I provide sage advice about some of the pitfalls to watch out for.

Most price records for coins have been set at auction, so get ready to go where the action is.

Flying Like Bees to Honey

If you want the best-quality coins and the rarest numismatic items, you're more likely to find them at a coin auction than anywhere else. You can always find nice coins at numismatic conventions and at your favorite dealers' shops, but the crème de la crème seem to be in auctions. Why is that?

Seeking a rare flower

Getting the best price for a coin means finding the best buyer. Actually, coin sellers should find the *two* best buyers and get them to bid against each other. Auctions attract the biggest and best coin buyers because the auction sales always contain a concentration of coins that can't be found anywhere else in one place. If a sale contains a complete collection of large cents by die variety, for example, you can bet that every major large-cent collector will be at the auction or be represented there because there's simply nowhere else to find those rare varieties.

YOU CAN'T BUY PUBLICITY LIKE THIS

The publicity gained from buying a particular coin is more valuable than the coin itself. Here's an example: In May 2000, Frank Wallis discovered a very unusual coin that mistakenly combined the obverse of a Sacagawea dollar with that of a Washington 50 State Quarter — the first documented appearance of a U.S. coin with two different denominations. The discovery created quite a stir in numismatic circles. The press picked up the story, and millions of Americans began searching their change in the hope of finding a similar treasure.

The discovery coin was consigned to a major rare-coin auction house, with the sale scheduled for August 9, 2000. The auction house featured the coin in all its publicity materials for the sale. In the meantime, two additional examples of the coin were found. One coin sold right away on eBay for $41,935, and the other was sold preemptively in an auction on August 6, 2000, for $31,050. When Wallis's discovery coin finally came up for sale on August 9, members of the media were there to witness the event and record the sale.

Getting stung

Another reason why auctions attract the best coins is a thing *called auction fever*, which occurs when bidders lose self-control and bid well beyond their normal limits. Several things contribute to auction fever:

- **The coin market is particularly strong.** Prices are advancing, and buyers have difficulty getting the coins they want.
- **The auction is held at a fast pace.** Bidders must make decisions quickly, and a buyer can easily make a bad decision if they haven't prepared properly for the sale.
- **A buyer is frustrated by not being able to buy any coins in an auction.** This frustration results in a twisted determination to buy anything just to get something.
- **A buyer wants a pedigreed coin.** Sometimes, people overpay for otherwise-common coins just to buy something from a famous collection. Also, sometimes the opportunity to buy the coin is rarer than the coin itself.

WARNING

Whatever the motivation, auction fever almost always results in *buyer's remorse* — the terrible knowledge that you've grossly overpaid for a coin.

Auction companies love auction fever because that's how records are set. An auction company exists to get the highest price for the coins it sells, so it encourages auction fever all along the way. Presale publicity is meant to excite the coin-collecting community; the sale catalog is designed to entice buyers with its wish-book styling; and the auction venue itself is designed to create an air of anticipation.

TIP

The best defense strategies against auction fever are good preparation and determination to stick to your limits.

Preparing to Buy

The auction itself signals the end of a long process of preparation that begins the moment you receive your catalog or login credentials. Holding your bidder card up in the air at the auction or placing an online bid is the easy part; the hard part is deciding what to bid and how much to pay. Here are some tips you can use to prepare for an auction purchase.

Obtaining the catalog

When you see your first rare-coin auction catalog, you'll understand why the auction companies generally don't give them away. Auction catalogs have come a long way from the days of small, thin booklets with minimal descriptions; today, they're thick, glossy publications chock-full of images (most in color) and lengthy, well-researched descriptions. In fact, the best catalogs are saved by collectors and used as excellent sources of information for future research.

Most firms offer a yearly subscription to their publications, which gets you all the auction catalogs the firm produces, as well as any additional promotional literature or newsletters.

TIP

In most cases, auction houses use subscription fees to offset the costs of producing the catalogs and to keep out the riffraff (so to speak). Before calling a company to order a catalog subscription, save yourself some money by checking to see whether the firm offers an Internet version. Then, if you like what you see or still need a hard copy, ask for a sample copy instead of ordering a full subscription.

TIP

Here's a secret: Some auction companies offer free subscriptions to buyers who can prove that they purchased a certain amount of rare coins in the past from their competitors. You may get a free subscription if you can provide invoices showing that you purchased more than $1,000 worth of coins over the past year, for example. (Turn to Chapter 21 for a list of auction houses you can contact.)

Reading the terms and conditions of sale

To avoid any unpleasant surprises, read the terms and conditions of sale in the auction catalog before you even think about bidding. Be sure that you understand how the sale will be conducted before you place any bids.

REMEMBER

When you place a bid in an auction, you're actually entering into a legally binding contract with the auction house. In cases of dispute, courts look to the terms and conditions of sale to determine what rules to apply when resolving the case.

Although most auction houses conduct their business in similar fashion, each auction house has its own terms and conditions of sale, which can differ dramatically from one company to the next. Even if you deal with only one company, its terms may change from one sale to the next. Buyer's fees have averaged 20 percent in recent years, for example, and although most companies have been very good about announcing all significant changes in their terms, they're not required to do so. Or the announcement may be a single line buried in the terms and conditions of sale.

TIP

As you read the terms and conditions of sale, pay particular attention to the following terms:

- **Buyer's fee:** All American auction houses charge a *buyer's fee* — a charge added to the final selling price. For example, if the buyer's fee is 15 percent, and a coin sells for $100, you pay $115 ($100 plus 15 percent of $100). Because the buyer's fee affects what you pay for every coin, make sure that you know what the percentage is, figure the fee into the price you're willing to pay for a particular coin, and be aware that the buyer's fee can (and does) vary from one auction company to the next *and* from one sale to the next.
- **Warranties/guarantees:** What guarantees does the auction company offer? What if the coin turns out to be repaired or overgraded? How long are the guarantees good for? Will you have time to get a coin checked out by a competent expert before the warranty period expires? What options are available to you after the expiration date? Except for authenticity, you generally have no guarantees on coins that the buyer has seen before the auction.
- **Credit:** Some auction houses extend credit to their creditworthy bidders, often allowing 15 to 30 days after the sale to make final payment. Be sure to discuss the credit possibilities with the auction-house principals.
- **Return privileges:** Generally, if you're a floor bidder, you can't return a coin for any reason, because floor bidders are deemed to have examined the coins beforehand. As a email bidder, there are typically no return privileges, so you better be sure you want to own it.
- **Resolution of disputes:** How do you settle disputes with the auction company? Do you go into arbitration, or can you go directly to the courts? Almost all auction companies require you to submit to arbitration, but if you go to court, where do you file? By nature, most terms and conditions of sale favor the auction house.

Be sure to ask your important questions before you bid, not after!

Registering to bid

To bid in an auction, you must identify yourself to the auction company. This process involves providing personal contact information and references so the auction company can verify that you're a real person and that your reputation within the industry is good. You may be asked for ID if the auction house doesn't know you, and you'll be asked to provide credit references, particularly if you plan to spend a lot of money in the sale. You should register well in advance of the sale date to give the auction company time to check out your references and complete the vetting process.

Studying the catalog

When you're satisfied with the answers to your questions about the terms and conditions of sale, give the auction catalog a good once-over to see what coins are being offered and how the material is arranged. Mark the pages that contain items of obvious interest; then go back through the catalog and take a look at every *lot* (the numbered items in the sale) to see whether you missed anything. Some auction houses offer certified coins in one section and *raw* (uncertified) coins in another, for example. Therefore, you may find a coin you're looking for in one section and miss a similar coin in another section.

TIP

Don't expect the listings in auction catalogs to follow any particular sequence. Many auction houses prefer to offer the most expensive coins in the evening sessions, when most people have finished work and are able to attend. Listing sequences vary from company to company and even from catalog to catalog, so look at every lot. To find out what's being sold when, take a peek at the schedule in the front of the sale catalog, where you can find the times for each session of the sale and which coins are included in each session.

You may find treasures hidden in the *bulk lot section*, where cheaper coins are lumped into big single lots. You might find a rare half-dollar variety mixed with a partial collection or a valuable, high-grade coin mixed with a bunch of low-grade junk.

THE ULTIMATE IN HIDDEN TREASURES

Normally, an auction company presents coins in their best light. Rare coins receive lavish descriptions and are scheduled to sell when the greatest number of bidders will be in attendance. Sometimes, however, unusual circumstances prevent an auction house from doing its best job, resulting in a presentation that defies description.

A classic example is the 1954 sale of the collection of King Farouk, the former king of Egypt. Farouk was a voracious collector of coins from around the world, and he had just about every significant rarity you can imagine. After Farouk abdicated in 1952, the Egyptian government arranged for his collection to be sold in an attempt to recoup some of the money he spent as king. The coins in the sale were arranged with seemingly little regard for rarity and value. One lot, for example, contained a set of Liberty-head nickels — normally not a big deal, but in this case, the set contained an example of the extremely rare 1913 Liberty-head nickel! Another treasure was the unique 1907 Indian-head $20 gold coin that was given hardly any description at all. When King Farouk purchased the coin from Abe Kosoff and Abner Kreisberg, he paid nearly $10,000. Guess who the buyer was at the Farouk sale in 1954? Abe Kosoff. He bought the coin back for the bargain price of $3,400.

Choosing your battles

If you're like most people, you can't afford everything you want — especially at today's prices — so you must prune your wish list to an affordable level. Prioritize your list based on the following categories:

- Coins you absolutely have to own, no matter what the cost
- Coins you're willing to fight for to a reasonable level
- Coins you'd like to own but wouldn't get too upset about if you were outbid on
- Coins in which you have no interest

TIP

Try to feel out your competition. There's nothing wrong with discussing with other bidders their interest in various lots or trying to find out how high bidders are willing to go for certain coins. Careful investigation before the sale may give you a good idea of your potential for success in a particular lot, allowing you to adjust your bidding strategies accordingly. As you speak with other potential bidders, be careful what you say. After all, your competitors may be trying to get information from you as well. Never, ever tell how much you're willing to pay for a particular coin; you may end up bidding against yourself!

WARNING

Collusion is an agreement wherein one bidder agrees to refrain from bidding in return for a fee or commission. In effect, collusion cheats a consigner out of money to which they may otherwise be entitled. Collusion is illegal, so if someone asks you to *lay off* (not bid), whether for free or for a fee, don't get involved.

Setting your limits

TIP

Before the sale takes place, decide what you want to pay for every coin on your wish list by following these steps:

1. **Consult your favorite price guides and previous auction records to determine the top price you're willing to pay for each lot.**
2. **Calculate backward to take into account the buyer's fee.**

   Add 1 to the buyer's fee (as a percentage), and divide your top price by that number. If your top price is $200, and the buyer's fee is 20 percent (0.20), divide $200 by 1.15 for an adjusted limit of $174 (rounded from $173.91) — the most you should pay for the lot.

Setting your limits before the sale accomplishes two things:

- You avoid the mistakes people make by trying to calculate bids during the heat of an auction.
- You immunize yourself against the dreaded auction fever.

If you have a spending limit for the entire sale, be sure to keep a running total of the lots you've won during the auction. When you've reached your limit, put your bidder card away, and enjoy the rest of the auction as a spectator. Otherwise, you may be tempted to spend more than you can afford.

Bidding

You know which coins you want. You know what you're willing to pay. You know your spending limits. Now it's time to separate the wheat from the chaff.

In person

An auction goes something like this:

1. You register in advance so that you can bid in person in a rare-coin auction. By requiring you to register in advance, the auction company can verify that you're a legitimate bidder.
2. You receive a *bidder number* (usually printed in bold numbers on a card or paddle) that you use to signify your bid to the auctioneer.
3. As the auction begins, the auctioneer calls out the lot number, and a representative of the auction company shouts out an opening bid. Opening bids, known as *book bids,* may represent a minimum amount required by the consigner, called a *reserve,* or they may be offers received from an absentee bidder through the mail.
4. The auctioneer opens the bidding to the *floor* (the bidders in the room), allowing them to compete against the book. To win a particular lot, a floor bidder must beat not only the book bids, but also every other bidder in the room.
5. When bidding ceases, the auctioneer raps their hammer, indicating that the lot has sold, and announces the final price and the number of the successful bidder.

GREAT MOMENTS IN AUCTION BIDDING

According to numismatist David Akers, when the late John Jay Pittman really wanted a coin, he marched to the front of the room, faced the audience, and held his bidder card aloft. Whether this bold move intimidated his competitors into not bidding or whether his bid was nudged up a bit by his competitors is debatable. But this bidding method helped Pittman acquire some of his most important and valuable coins.

Similarly, when J. R. Frankenfield bid on the extremely rare 1795 Sheldon-79 large cent, he taped his bidder card to the wall and left it there until he finally won the lot for more than $100,000, setting a record price for the variety.

The whole process happens very quickly. In an auction in which the book is weak or there's a lot of bidding by the floor, expect about 100 to 150 lots to be sold per hour. In an auction in which the book is strong and the floor offers little competition, the rate can increase. All live auctions are *soft-close auctions,* in which bidding continues until all bidders but one drop out.

REMEMBER

How you bid is almost as important as how much you bid. You can take the sly approach and hide your bids from your competitors by bidding with a wink, a slight nod, or a flick of your pen as long as the auctioneer notices your bids. Or you can take the intimidating approach, extending your arm fully and raising your bidder card high in the air, sending a message that you won't and can't be beaten on this lot.

By mail or phone

As an alternative to bidding in person, you may find bidding by mail or by phone (also known as *absentee bidding*) to be easier and more convenient. To submit a bid, simply fill out the bid form included with the auction catalog and then mail or fax it to the auction house.

Absentee bidding saves the cost of traveling to the auction itself, but it means that you can't examine the coins beforehand. Also, you give up a certain measure of control of your bidding. In fact, the biggest complaint I hear from absentee bidders is that they were beaten by a floor bidder with the next increment over their bid. On the other hand, absentee bidding prevents you from catching auction fever, which can be a very expensive disease!

TIP

If you bid by mail, you can increase your chances of success by placing many more bids than you have money to spend and instructing the auction company to limit your successful bids to a specific dollar amount. As the sale progresses, the auction company will keep a running total; when your limit is reached, the remainder of your bids are discarded. Use an *either-or* bid when there are two or more identical coins in a sale; that way, you buy one or the other but not both.

WARNING

As a mail bidder, stay away from those little check boxes on the bid sheet that authorize an automatic increase of 10 percent to 30 percent "if necessary." What you're really saying when you check one of these boxes is that your top bid isn't really $100; it's $130.

Via an agent

All serious collectors who can't attend an auction hire an agent or representative, such as a professional coin dealer, to look at the coins they're interested in and bid for them. Most dealers charge 5 percent for this service, and you make that money back the first time they advise you not to buy a coin that's a potential disaster.

TIP

If the coin you want to buy is expensive, I recommend that you do the same as the pros: Don't buy coins that you haven't seen or that haven't been seen by someone whose skills you trust.

Reserving Yourself

In theory, auctions represent the classic coming together of willing buyers and willing sellers to achieve a perfect market price. The price realized at auction is thought to represent the true value of an item because the process is open, public, fair, and unbiased.

In reality, auctions aren't always what they seem to be. Here's an example of how an auction can be used to dupe a customer. Suppose that a seller has a coin that they purchased for $20,000. They consign the coin to an auction company that agrees to charge no commission on the sale and will allow the seller to bid on their own coin. The seller enlists the aid of a friend to bid against them at the auction, and between them, they run the bid up to $30,000. The seller ends up being the winner on their own coin, of course, but then they can offer the coin to a customer for $32,500, justifying the asking price by pointing out that the very same coin just sold at auction for $30,000!

The same tactics can be used to set a world-record price for a coin just to get some publicity. If someone had an 1804 silver dollar to sell at auction, and they could get an auction company to go along with them, they could bid their own coin up to $5 million, setting a new price record for a U.S. coin, and no one would be the wiser.

To their credit, no reputable auction house would knowingly participate in such shenanigans. Most auction houses don't include buybacks and unsold lots in their list of prices realized, which is printed after the sale, because doing so is unethical. That's why you often see jumps in the numbering sequence on the list of prices realized; the missing numbers represent coins that failed to meet the seller's minimum reserve price.

Hauling Yourself to Online Auctions

The Internet changed the face of numismatics forever. At any given moment, hundreds of thousands of rare coins are available for sale online, many of them through online auctions. The variety of material being offered on the Internet is incredible — greater than you'll find at any coin show. In fact, I know many collectors and dealers who have quit going to coin shows; they're able to buy and sell every coin they need over the Internet.

Getting Internet versions of auction catalogs

All major auction houses publish their auction catalogs on the Internet. In many instances, the online version of the catalog is more useful than the hard copy. An online version may contain images of all coin, for example, whereas the printed version might illustrate only the most important pieces. Also, online images are usually larger and more detailed than those in the printed versions, and they may be in color instead of black and white.

Using eBay

No discussion of modern numismatic auctions is complete without a mention of eBay, the online person-to-person auction that took the entire world by storm in 1995 and has been growing ever since.

Today, millions of items are posted each day, a nice percentage of them rare coins. To find out what's for sale, go to `https://www.ebay.com`, and enter a search term for the coin you seek. I typed **silver dollar** and came up with several thousand listings, including Silver Certificate bills, Silver Eagle bullion coins, and all types of silver dollars. In my search, bid prices ranged from a starting bid of a penny all the way up to a couple thousand dollars. The quality is just as varied, ranging from low-grade Circulated coins all the way to gems.

TIP

When using eBay, I do suggest limiting your purchases to coins certified by Numismatic Guaranty Corporation (NGC) or Professional Coin Grading Service (PCGS) and sold by sellers with high positive feedback.

For complete information on using eBay, I recommend the popular collection of *For Dummies* books about eBay (all written by Marsha Collier and all published by John Wiley & Sons, Inc.), including *eBay For Dummies*, 10th Edition.

IN THIS CHAPTER

- **Before the hammer: The process of selling your coins at auction**
- **Prepare yourself for the bidding battle**
- **The top performing auction houses for your numismatics**

Chapter 21

The Coin Auction Arena

Auctions are a great source for buying and selling everything from common collector coins to multimillion-dollar historic rarities. As a bidder, an auction catalog for a planned sale can be an enlightening source with a wealth of information and stunning photographs of rare and unusual coins. The excitement and hype created around a special collection or rare acquisition has a unique allure that can give you auction fever. When in the arena, the game of bidding adds to the thrill of the hunt, which has always been one of my favorite aspects of collecting. For the consignor, an auction run by one of the top houses provides a wide audience of qualified bidders setting the stage for a successful sale at the strongest available prices.

Consignment Journey

The journey from consignment to settlement at the big auction outfits is generally a procedure similar to onboarding your coins. First, you must choose an auction house to contact. In this section, I discuss the consignment process for both sellers and buyers. Afterwards, I list the best auction houses you can choose from, all of which I have used at some point to successfully buy or sell.

If you are a seller

Start by contacting one of their specialists to find out if your coin is appropriate for an auction and to discuss the terms of a sale. If all goes well, you will then be asked to ship your coins to the auction house. The postage is on you, and it is very important to fully insure your package and send it via registered mail. This is where working with a local dealer can be a benefit: Good local dealers are insured and have established relationships with certain auction houses and can help you facilitate the submission process for a fee that comes from the proceeds. Of course, I recommend you clearly understand what that fee is before you do the deal. As you now know from previous chapters, a good local dealer is a wealth of information not only as an auction contact but also as a preliminary assessor of what you are considering to submit to auction.

TIP

Take and retain pictures of your coins front and back before you ship and always maintain a list of the inventory that you are sending.

When the consignment director receives and accept the coins, a list of the accepted inventory, along with terms of sale, is sent to you for approval.

The auction houses have a professional staff of graders to review your coins and identify whether any items need to be certified, authenticated, or resubmitted to the professional grading services (see Chapter 18).

I must admit it's pretty exciting when you view your coins after they have been professionally photographed and described by a pro on the auction website or in the big glossy catalog. The auction houses are good about letting you know when your coins are listed on their website so you can see the information about your items and follow their journey.

When the auction is open for bidding, registered bidders can view and bid on your lots for several weeks. You can typically track this activity online.

When the final day of your auction has arrived, your consignment is offered to the floor, Internet, mail, fax, and telephone bidders. You can typically watch the activity on your items online live, but — warning! — it moves fast, so pay close attention to your lot numbers so you don't miss the action!

Payment of your proceeds are issued after a waiting period of about 45 days post auction.

If you are a buyer

As a bidder, you need a battle plan to be successful. I can't stress enough that preparation is everything before executing a bid. Identify your specific targets in advance and try to stay focused on them. Roaming thoughts during a live auction can be very costly or cause you to miss your goal.

Pre-auction, do your homework by studying the catalog. It is always best to see a coin in person, so consider making plans to attend the sale or have any agent present at auction, if possible. A trusted agent representing your interest often is less expensive than the travel expenses for you to attend in person. Agents represent multiple bidders at auctions and typically a good local dealer will have a contact in their network to recommend.

In advance, research the bid and ask prices, look for recent auction sales on record of similar type, and find out what the market makers (coin dealers) are trading at to determine your high–low bidding range. Finally, remember to factor in "the juice" — the auction house buyer's commission, when determining price range and executing a bid. Following the steps of this bidding battle plan will help keep you focused and within budget, and prevent you from overpaying market value, with no regrets.

Payment for acquisitions is expected immediately at the end of the sale and is typically final with no return. Your new coins go home with you or will be shipped to you at your expense within days of the auction.

TIP

A great resource for searching information on coins and recent sales is an auction house online archive. Most of the major houses offer them for viewing after you have registered with them.

Heritage Auctions: "The Titan"

Heritage Auctions is the largest numismatic auction house in the world. Founded in 1976 by Steve Ivy and James Halperin (see Figure 21-1), the company operates five offices throughout the United States, as well as additional offices in London, Hong Kong, Geneva, Paris, Amsterdam, and Spain, which enables them to reach an ever-growing global bidder-member base unequaled in the numismatic auction market.

FIGURE 21-1: James Halperin and Steve Ivy, founders of Heritage Auctions.

Heritage's reputation for honesty, integrity, and numismatic expertise places them at the pinnacle of the coin auction field. Looking back to my earlier days in numismatics, I remember when Heritage was founded. Seeing its growth to present day, I am truly impressed at how the leadership there has revolutionized live online numismatic auctions and redefined the marketing and promotion of coins and currency.

As a seller, getting your coins in front of as many qualified buyers as possible is the goal. As a buyer, a catalog offering a variety of materials from common to esoteric or rare fuels interest and gives a collector more choices for new acquisitions. Stats have Heritage catalog views exceeding an astonishing 800,000 per auction. Unmatched, Heritage Auctions is the titan of the coin auction world.

Collectors, from novices to serious high-end traders to savvy coin dealers need not be intimidated by the power of Heritage. They all respect the influence that Heritage has in its ability to drive price through organized competition.

To contact a Heritage Auctions representative, call 1-800-835-6000 or email `Bid@HA.com`. Website: `www.ha.com`.

Top Performing Auction Houses

Heritage may be the titan, but it's not the only auction house worth considering. The auction houses described in this section are among the best in the world. Any of them would be a great place for you to buy or sell coins.

GreatCollections Coin Auctions

GreatCollections has fast become the powerhouse of weekly coin auctions in the United States, offering thousands of certified coins ranging in value from just $25 up to over $1 million. Founded by Ian Russell (see Figure 21-2) and Raeleen Endo in 2010, GreatCollections sets their focus on providing a secure and confidential environment to trade within. Whether you are buying or selling, their "Zero Percent Seller's Fees" for coins over $1,000 is very popular. No minimum consignment threshold is required, which makes GreatCollections is a good choice for collectors at all levels. For people with raw/uncertified coins, GreatCollections can save up to 50 percent on grading fees and can offer advice on which coins should or should not be professionally graded by PCGS or NGC.

FIGURE 21-2: Ian Russell, one of the founders of GreatCollections.

For bidders, the GreatCollections website usually contains over 10,000-coin auctions, with new coins listing daily. You can bid from your phone or computer 24/7. Auctions end every Sunday night, several seconds apart.

All auction results are published online in the GreatCollections Auction Archive (`www.greatcollections.com/Auction-Archive`) — an extremely easy-to-use resource listing what people actually paid for coins, with the professional images associated with each one.

To contact GreatCollections Coin Auctions, call 1-800-44.COINS or email `info@greatcollections.com`. Website: `www.greatcollections.com`.

Legend Rare Coin Auctions

Here is where size doesn't matter. Legend Rare Coin Auctions was launched in 2012, founded by Laura Sperber as a sister company to Legend Numismatics, her prominent and highly successful rare coin dealership. A trailblazer for women in the field of numismatics, Laura has impressively led the way for other women to join an industry traditionally dominated by men. This smaller boutique auction firm is a great choice for buying or selling a high-grade coin or collection. With the focus on quality not quantity, LRCA presents an average of 300–700 high-quality, vetted coins at each auction. They are known for garnering record-setting prices for fine collections of all sizes and are the exclusive auction house for the PCGS Members Only Shows. Legend's stellar reputation is earned from its selective standard for high-grade coins and no seller's fee.

To contact Legend Rare Coin Auctions, email `info@legendauctions.com`. Website: `www.legendauctions.com`.

Stack's Bowers Galleries

For nearly 90 years, Stack's Bowers has been at the forefront of numismatic auctions, offering items from every numismatic genre and at every price point. A great overall choice for auction, they offer competitive consignment rates supported by worldwide marketing. Stack's Bowers Galleries has locations throughout the United States and the world including California, New York, Philadelphia, Boston, Tulsa, New Hampshire, Singapore, Hong Kong, and Paris, France.

Stack's Bowers Galleries is truly one of the most technologically advanced auction houses in the world. SBG's dedication to staying current and being a major player in numismatic auctions is evident in their investment in cutting-edge live auction software, combined with a custom-built film-and-event facility that produces a bidder experience that I find to be very engaging and at times entertaining. They also support their clients with fabulous online reference guides and digital collection management systems.

To contact Stack's Bowers, call 949-253-0916 or email `info@stacksbowers.com`. Website: `www.stacksbowers.com`.

Lyn Knight Auctions

Knight Live by Lyn Knight Auctions offers live floor auctions that you can participate in via your home computer. Lyn Knight specializes in U.S. currency and world paper money. Lyn has extensive years of experience with paper currency and is one of the leading experts on currency in the United States.

To contact Lyn Knight Auctions, call 913-338-3779 or email `support@LynKnight.com`. Website: `www.lynknight.com`.

Goldberg Auctions

Ira and Larry Goldberg are meticulous at their craft and are involved to the benefit of their clients. The Goldberg brothers host a wealth of numismatic expertise and information as a team and are very well respected in the industry. This very active firm has a specialty in world and ancient coins as well as vast knowledge of U.S. coins, particularly Colonials through modern.

To contact Goldberg Auctions, Call 800-978-2646 or email `info@goldbergcoins.com`. Website: `www.goldbergcoins.com`.

Kagin's

This family-owned, boutique-size company has years of experience. Don Kagin runs the firm, which was founded by his father, Art Kagin, in 1933. The Kagins are true advocates for education in numismatics, and as a point of interest, they lobbied for and created the first accredited Numismatic bachelor's and PhD programs in the United States. You will get a wealth of knowledge and great customer service from this outfit. Unique to Kagan's is their "no reserve" auction philosophy. This is an interesting concept and works better for some, but I encourage you to read more about the terms on the Kagin's website.

To contact Kagins, call 888-852-4467. Website: `www.kagins.com`.

David Lawrence Auctions

This innovative company has very user-friendly online tools and is a great resource for certified coins. David Lawrence offers an interesting twist for sellers through their unique GAP Program. You have the ability to consign your coins for auction with DLRC without a traditional reserve but knowing that you have a predetermined bid placed by David Lawrence. More info explaining the terms on this type of arrangement for their weekly auctions is on their website, but they encourage a call or chat. Founded in 1979, DLRC specializes in trading certified coins by PCGS, NGC, and CAC. On the flip side, if you are on the hunt, they tout no buyer's premium and free shipping.

To contact David Lawrence Rare & Certified Coins, call 800-776-0560 or email `coins@davidlawrence.com`. Website: `www.davidlawrence.com`.

THE CATALOGUING PROCESS BY JOHN KRALJEVICH

A native of historic Chester County Pennsylvania and a graduate of the University of Virginia, John Kraljevich has been sought out for his expertise on early numismatic Americana since his teen years. For over a decade, he has been a popular annual instructor on early American topics at the American Numismatic Association (ANA) Summer Seminar. As a regular columnist in the ANA journal *The Numismatist* and the national bi-weekly *Coin World*, John has been honored for his research and writing by the ANA and the Numismatic Literary Guild. Several auction catalogs penned by John have become classic reference works, including "The LaRiviere Collection of Betts and Indian Peace Medals," "The Eliasberg Collection of World Gold Coins," and "The Roehrs Collection of Regulated Gold." John has been elected by his peers as a member of the Rittenhouse Society, an honorary fraternity of numismatic researchers, and as a Fellow of the American Numismatic Society. His counsel has been sought by institutions such as the Smithsonian Institution, Colonial Williamsburg, The Massachusetts Historical Society, Monticello, and others, and he has been quoted on numismatic topics by mainstream media around the world, including CNN, The Associated Press, National Public Radio, and BBC.

I asked John to give us a few words describing the cataloguing process:

When I wrote my first numismatic auction catalog, my work was mailed on a floppy disk — usually an hour or two before my parents expected me downstairs for dinner. In the more than 25 years since then, I've catalogued hundreds of millions of dollars' worth of numismatic material and written literally millions of words. My approach has changed less than you might think.

By far the most ambitious undertaking of my numismatic cataloguing career was the Pogue Collection, which realized over $120 million over the course of several sales by Stack's Bowers Galleries. While that collection represented the pinnacle of the cataloguer's art, both in terms of effort and results, the way I built those catalogs was, largely, the same as I'd approach the act of describing any well-formed collection on its way to the auction block.

My initial approach to any consignment, particularly single-owner collections built with long-standing connoisseurship, is to get a decent feel for the collector's intent. What drove the collector to assemble these pieces, to the exclusion of others? What appealed to them: the history, the grade, the challenge, or some combination of all these factors? What would make them feel seen and understood in a catalog presentation, and what might motivate the next collector to collect this kind of material?

After establishing that groundwork, the nitty gritty work begins. Have the coins been correctly identified? Have they been attributed to standard reference works? Are they all real? Are any of them problematical for one reason or other, in other words, is there tooling or damage or some other kind of problem that a more novice collector will depend upon me to notice? If the coins are certified, are they nice for the grade?

With coins of a certain price point, that's about the sum of the examination: the coins are then described, including all basic relevant identifying data, a verbal description of the coin's appearance is written, and relevant information on rarity and desirability is added. The item can be trusted to stand on its own merits in the marketplace, and collectors who acquire that kind of material will know what they're looking at.

For items assembled with a more advanced level of expertise, more is required. A well-formed collection built by a real expert in the field deserves a memorial to their efforts, an assessment of the collection that is greater than just the sum of its parts. These efforts have little to do with the value of the objects included. A once-in-a-lifetime collection of bus tokens, gathered with an insider's knowledge of rarity and history, deserves to be turned into a reference work just as much as a similar collection of half eagles. For those kinds of collections, the challenge is always to become expert enough to understand the collection of an expert — and write a catalog that will be a solid teaching tool for the next generation of experts. This means real research: into provenance, into background history, into rarity and market history, and more.

The Pogue Collection is a good example of this. So is the John W. Adams Collection of Comitia Americana Medals, or the El Dorado Collection of Colombian Coins, or the E Pluribus Unum Collection of New Jersey Coppers. All were hyper focused on building a cabinet that was something more than just a random group of numismatic items, instead, the collectors built a reference collection that could teach future collectors more about the specialty area just by what was present and what wasn't.

Those kinds of collections mean knowing when a good in terrible condition is really the finest known. Or knowing what makes a coin with a 150-year provenance so desirable to so many generations of expert collections. Or knowing why certain pieces weren't present, while maybe others were present in multiples.

(continued)

(continued)

Coins are worth what they're worth. A high-grade 1893-S dollar sold in a barn during a snowstorm is probably going to bring damn close to what it would sell for in a Stack's Bowers or a Heritage sale. Despite this, a well-catalogued offering can add value to a collection in a few ways. One is by researching the provenance, which is a real way to add historical importance to a coin that previously had no history. All things being equal, what would you rather have, the coin that came from eBay last week, or the one that you knew was the exact specimen chosen by the most well-regarded collectors of their generation in 1860, 1890, 1920, and 1950? The second one, right? That provenance adds desirability, and that translates directly to value. Contextualizing rarity in several different ways adds value too. Numerical grade is one way; it's a useful shorthand for value, ultimately. But coins can be special in lots of ways beyond their grade, including technical considerations (strike, die state), aesthetic considerations (originality, surface quality, color), or historical considerations (provenance, minting history, and more).

The internet has revolutionized this process in many ways. My cataloguing career has hinged on my ability to find and synthesize information quickly, which is why I have a several-thousand volume numismatic library of auction catalogs, standard references, and more. But auction databases (like the one at PCGS's website), numismatic periodical and auction catalog databases (like the Newman Numismatic Portal), and other online resources have made it easier for me to access more information more quickly than ever before. It's a great boon to the work I do, but it's not the end-all be-all. Ultimately, my ability to declare one coin nicer than another hinges on one skill: the ability to see and remember a lot of coins in person, know what I'm looking at, and take careful notes when I do. A picture may be worth a thousand words, but it will never ever tell the story of what a coin really looks like or why it's worth more than another.

The job of an auction cataloguer is to use words to tell people why they might want to own a coin, but the job of an auction catalog is so much more than selling coins: it's to honor a collector, it's to recognize a collector's eye and talents, it's to market the hobby of numismatics (or a particular slice of it), and it's to get the next consignment for the auction house. Because after reading a catalog like the Pogue Collection sales, who wouldn't want their collection to get the same treatment?

Build a collection with an expert's eye, buying special coins and gathering them together in a way that makes your collection special, and maybe you will.

IN THIS CHAPTER

- » Seeing coins as an investment
- » Making sense of coins and current tax law

Chapter 22

Coin Investments, Taxes, and the Law

Some collectors take their hobby and passion very seriously and spend large sums of money on their collections. Whenever you start spending a lot of money on a collection, you should consider it to be an investment and follow some basic rules to save yourself grief — and taxes — whenever possible. By doing a little planning and following a few basic rules, you can reduce the impact of taxes on profits and the aggravation that goes along with taxes while staying within the law.

Investing in Coins in Theory

Are coins an investment? Are collectibles in general an investment? Some say yes; others say no.

The rare-coin investment market, like all other investment markets, has suffered from misinformation and hype over the past 50 years. Although coins are subject to boom and bust cycles, just like all other investments, more than a few collectors have made fortunes investing in rare coins. In this section, we introduce the subject of investing in coins.

REMEMBER

This subject is a huge one — one we can't cover in detail in this book. You should always exercise caution when investing your money, whether you invest in coins, stocks, or your cousin's Internet startup.

Two serious statistical studies have been written and published on the subject of coins as investments, but not in recent years. The first study, well researched and written by a chartered financial analyst, Dr. Robert Brown, was published in the *Journal of Financial Planning* in August 2005. Brown's research concluded that U.S. coins offered a 9.8 percent compounded rate of return on investments over 30 years, and he provided the facts to prove his conclusions.

The only other published report on this subject, to myr knowledge, was written by me and collegue Silvano DiGenova and was published in 2007 titled *The Investor's Guide to United States Coins* (Coin & Currency Institute). The coins in the portfolios that we studied were hand-picked by expert numismatist DiGenova in his published recommendations over 20 years ago. The senior researcher in this study was Dr. Jason Perry of the Federal Reserve Bank of Boston. We concluded that the rare coins in the DiGenova portfolios offered a 9.5 percent compounded rate of return over the same period and, in this case, with the lowest risk of any similar investment. We provided the facts to prove the conclusions. Since the study was conducted, the market has been up strongly, and these return rates have turned out to be the conservative end of the statistics.

REMEMBER

Coins are excellent vehicles for investors who are speculators or who wantto diversify. The rare-coin market has taken some pretty wild swings in the past two decades, which means that you could have made big profits if you bought at or near the bottom of the market and sold at or near the top of the market. In Chapter 24, we list a couple of expensive coins that sold for a lot more money the second time they appeared on the market, even if it was only a few years after their first appearance. By the same token, if you bought coins at the top of the market in 1989, you may have faced some pretty heavy losses just a few years later, depending on what you purchased.

TIP

If you're looking at coins as an investment, look for a coin dealer who specializes in that field. Coins are speculative vehicles, and this book isn't the venue to discuss all the pros and cons of investing in rare coins in depth. But there's been a rare coin investment market for almost 40 years, and as of this writing, it's in very good health.

THE HISTORY OF COIN INVESTMENTS

The first major bull coin market was from 1972 until 1975, the period directly after silver was removed from coins and the United States went off the silver standard. Collectable coins were no longer to be found in circulation. By 1975, the federal government lifted the regulation of the private ownership of gold put in place in 1933, and the coin market went into high gear.

In the summer of 1979, an energy crisis was followed by double-digit inflation. Silver went to almost $50, and gold peaked at more than $850. Between 1975 and 1980, the price of rare coins tripled. In January 1981, the coin market peaked, having doubled again between 1979 and 1980. The first rare-coin investment fund, put together in 1977, sold off in early 1980, showing a profit of more than 600 percent.

In 1986, the first of the large coin funds entered the market, buying $7 million worth of rare coins. Seven other major funds and countless smaller funds came into the market thereafter, buying at least $300 million worth of coins among them. Sadly, between taking profits, the first Gulf War, and a 500-point drop in the stock market, the coin investment market died a quick death in 1990.

As the market settled down, collectors came back in to buy the coins at their new bargain prices. The market hit bottom in 1995 and has been heading up, although a bit slowly, ever since. In 2000, coin investors again began to enter the coin market in large numbers, and combined with the small army of newly minted millionaires from the stock market, the coin market for rare or quality coins has been in a bull stage for the past seven years (as of this writing), although the low end or common parts of it may be still somewhat soft.

In 1999, the U.S. Mint started selling the 50 State Quarters, quickly followed by many other commemorative coins, sparking interest and as a result added an estimated130 million collectors to the hobby. These new collectors really gave the coin business a shot in the arm. Now that inflation is crept back, the already-good market in coins is bound to get even better over time.

RARE COIN INVESTMENT

Unless you are personally a rare coin expert, I do not recommend investing in rare coins for profit. There are risks involved.

As discussed earlier in this book, coin dealing is a non-regulated business. The stakes are high in the rare coin market, and there is no recourse if you are misled or defrauded by a so called coin investment advisor. The rules and grading standards can be arbitrary, and you may encounter conflicts of interest that can put your so called investment at risk. The lack of consumer protection can possibly put you in a precarious position, if you are not well funded.

Liquidity of the coin market is another hurdle, because it may not be possible to find a buyer for a particular coin at any published price at the time when your funds are needed. For the average buyer, and for reasons discussed here, rare coins should not be an investment strategy.

Dealing with Taxes

The last thing you want to think about when you're getting into your hobby of coin collecting is paying taxes. But taxes are a part of a serious coin collector's life, so you need to be aware of the tax laws.

Taxes are a huge subject, worthy of entire books — such as *Taxes For Dummies*, written by Eric Tyson, Margaret Atkins Munro, and David J. Silverman (John Wiley & Sons, Inc.), and updated every year to reflect most current tax laws. Work with your tax accountant or attorney to make sure that you're following the law but not paying more than you're required to.

Sales taxes

In most states, rare coins aren't subject to sales taxes for purchase prices less than $1,000 and are free of all sales taxes for larger purchases. Currently in New York State, for example, rare coins are treated as commodities and therefore are exempt from local and state sales taxes.

To find information on your state's sales tax on coins, contact the secretary of state's office and ask for the appropriate tax unit.

Income taxes

Under current state and U.S. income tax laws, all profits on coins or bullion sold that have been reduced to cash and not reinvested are taxable.

TIP

If you keep careful records of the cost of your coins and the cost of the acquisition of the coins, you can reduce your taxes.

Capital gains taxes are the difference between an asset's purchase price and selling price if the difference is positive and the asset was owned for more than six months. Capital gains tax can reach as high as 28 percent but is lower than taxable income in the owner's scheduled tax bracket for taxable income.

WARNING

Although it may be difficult for the Internal Revenue Service to catch tax cheats who invest in rare coins, the agency catches enough of them every year for us to strongly suggest that you declare and pay your taxes.

5

The Part of Tens

IN THIS PART . . .

Get to know the ten most valuable U.S. coins. You may be surprised at how valuable rare coins have become in recent years! (Hint: The most valuable U.S. coin is worth well over $7 million.)

Check out our ten favorite U.S. coin designs. These are some of the prettiest and most intriguing designs ever to appear on any coins ever made anywhere in the world. That’s quite a statement, isn’t it? Check ’em out for yourself and see whether you agree.

Get you ten surefire ways to get your kids involved in coin collecting. Every kid needs a hobby. Why not give your kids one that will teach them something?

IN THIS CHAPTER

- Introducing the coins that dreams are made of
- Looking at the ten most valuable U.S. coins — and recognizing that this list changes regularly

Chapter 23

The Ten Most Valuable U.S. Coins

Back when we were youngsters, only a few coins sold for more than $10,000, and it was rare indeed for a coin to bring more than $25,000 at auction. That's not so anymore! Million-dollar coins are almost common. Blame inflation, an influx of investors, or plain old excitement about coins, but prices for rare coins have gone through the roof. Because the coin market is always in flux, any really rare coin could come up for sale tomorrow and set a new record.

1933 Double Eagle ($18,872,250) PCGS MS65

In late 1932 and early 1933, the U.S. Mint manufactured 445,500 Double Eagle coins dated 1933. Coin collectors assumed that all 1933-dated Double Eagles had been melted (except for two coins transferred to the Smithsonian Institution at the request of the U.S. Department of the Treasury), along with all the unissued Double Eagles. All told, the U.S. Mint melted at least 12 million gold coins of various dates that it had on hand or recovered unissued.

As many as 24 of the 1933 Double Eagles were removed from the mint without the knowledge of mint officials, probably by U.S. Mint Cashier George McCann.

One of the 1933 coins was acquired by King Farouk of Egypt, probably from Switt through a well-known New York City dealer in 1944. To comply with the law, Farouk's agents received an export license from the U.S. Treasury without the knowledge of the Secret Service. In 1952, the Farouk Coin Collection was sold at public auction run by Sotheby's. The last time anyone saw the coin was at that auction.

That coin once owned by Farouk reappeared in New York in 2000, when the Secret Service arrested a British coin dealer who insisted that his coin had come from Farouk. In July 2003, Stack's, a New York coin auction house, sold the 1933 Double Eagle to the agent of an unknown buyer for $6.6 million, plus the 15 percent buyer's premium. It has been said an additional $20 was needed to "monetize" the face value of the coin, making the final cost of the coin $7,590,020. The coin was resold by Sotheby Auctions in June 2021 for $18 million. (See Figure 23-1.)

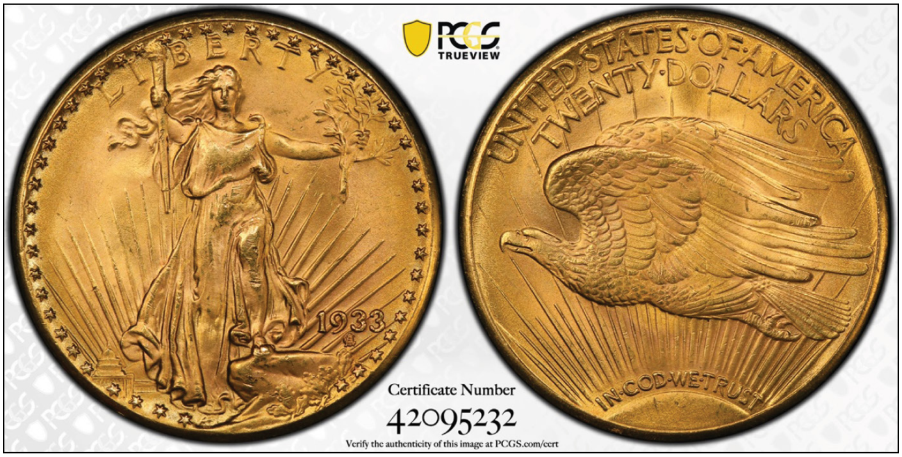

FIGURE 23-1: The King Farouk 1933 Double Eagle.

Professional Coin Grading Service

1794 Flowing Hair Dollar ($10,016,875)

There is just a single variety known of the circulation strikes of 1794 silver dollars; both dies were apparently retired and not seen on any other die marriages of 1795. Of the two die states, the earliest is a perfect match to the copper pattern 1794 dollar (Judd-19) now at the Smithsonian Institution, which is believed to have been struck first to test the dies and coining press. Die State I includes notable differences that are seen on the third curl up from the bottom of Liberty's hair, which is longer and more defined here than on any subsequent specimen reported. Die State II coins shown considerable evidence of die clashing, and the dies were not perfectly aligned, with the left side struck more weakly than the right side. Of the approximately 135 1794 silver dollars known, all but this variety show evidence of die clashing or misalignment, designating them as Die State II. That makes this variety a unique specimen, as the earliest struck of all known examples, and possibly representing the very first silver dollar struck by the United States.

Of the entire known population of 1794 silver dollars, this coin is the only example to exhibit *prooflike reflectivity* in the fields. Indeed, when the coin is viewed out of its encapsulation, the fields flash with astounding deep mirror reflection, providing remarkable contrast to the fully frosted devices.

The Eliasberg coin, one of only five known of this date, was sold by Superior Galleries (Goldberg's) in 2001 for $1.6 million. In 2007, the same coin was sold for a reported $5 million to an anonymous West Coast buyer. (See Figure 23-2.)

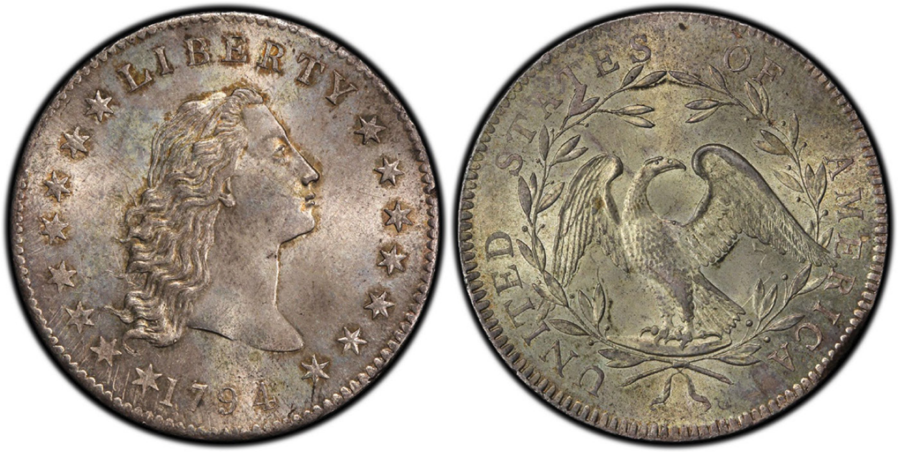

FIGURE 23-2: The 1794 Flowing Hair silver dollar.

Professional Coin Grading Service

1787 Brasher Doubloon EB on Wing ($9,360,000)

This coin is the famous Lorin Parmellee specimen of the Brasher Doubloon with the *EB* stamp on the wing, one of six known of this variety. It traces its history back to such famous coin dealers as Edward Cogen and was first noted in the Elliot Woodward sale in October 1864. It was owned at one time by Andrew Zabriskie, B. G. Johnson, F. C. C. Boyd, and Yale University, and was sold by Heritage Galleries in January 2021 for $9,360,000. (See Figure 23-3.)

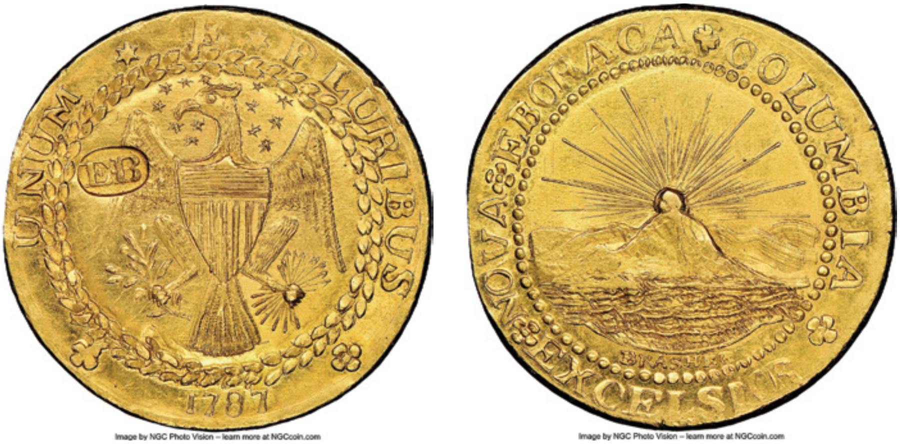
E PLURIBUS UNUM
EB
1787
NOVA EBORACA COLUMBIA EXCELSIOR
BRASHER
Image by NGC Photo Vision – learn more at NGCcoin.com
Image by NGC Photo Vision – learn more at NGCcoin.com

FIGURE 23-3: The 1787 Brasher Doubloon EB on Wing.

Numismatic Guaranty Company

1822 $5 ($8,400,000) PCGS AU50

This coin, a 1822 Capped Bust gold $5 Half Eagle, sold for $8.4 million at Stack's Bowers Galleries.There are three such coins known to exist; the other two remain in the National Numismatic Collection at the Smithsonian Institution. The $8.4 million price makes this the most valuable U.S. Mint gold coin ever sold at auction.

The cataloger explained that, despite its great rarity and multimillion-dollar price tag, "This is not a gem, nor does it glitter like a jewel. This piece displays antiquity. It shows wear and use. Its surfaces suggest its life before collectors and cabinets and fame. Within the shadows of contrast between a coin worth $5 and a coin worth millions, this coin hides a story whose earliest details will forever remain unknown." (See Figure 23-4.)

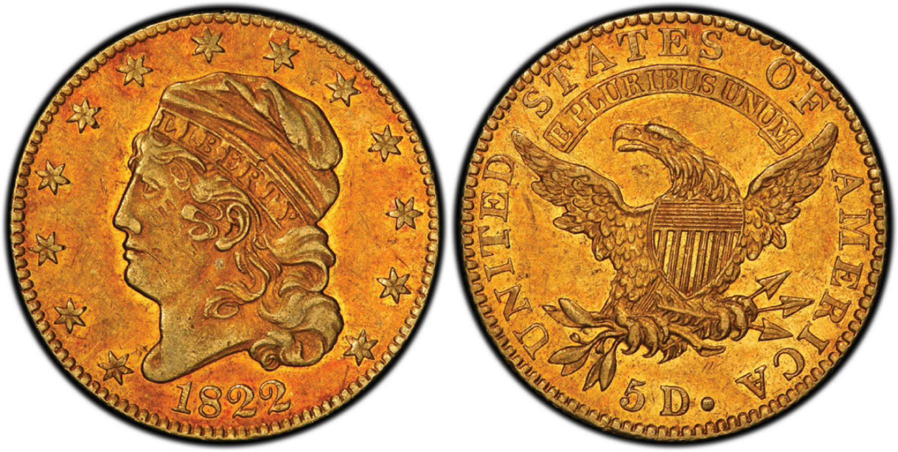
LIBERTY
1822
E PLURIBUS UNUM
UNITED STATES OF AMERICA
5 D.

FIGURE 23-4: The 1822 $5.

Bowers and Merena

1804 Bust Dollar ($7,680,000) PCGS PF68

In 1999, a phenomenal coin known as the Childs 1804 silver dollar came on the market. Up to that time, only three U.S. coins had ever sold for more than $1 million at auction. Because the Childs example was the finest 1804 silver dollar in existence of the 12 known, there was considerable speculation as to what it might bring. At the time, the Eliasberg 1804 silver dollar was the top-priced coin at $1.8 million. In less than two minutes, the Childs coin sold for $3.6 million. With the buyer's fee of 15 percent, the total price came to $4.14 million — a new record that more than doubled the previous record, The coin was sold again in March 2021 for $7.68 million. (See Figure 23-5.)

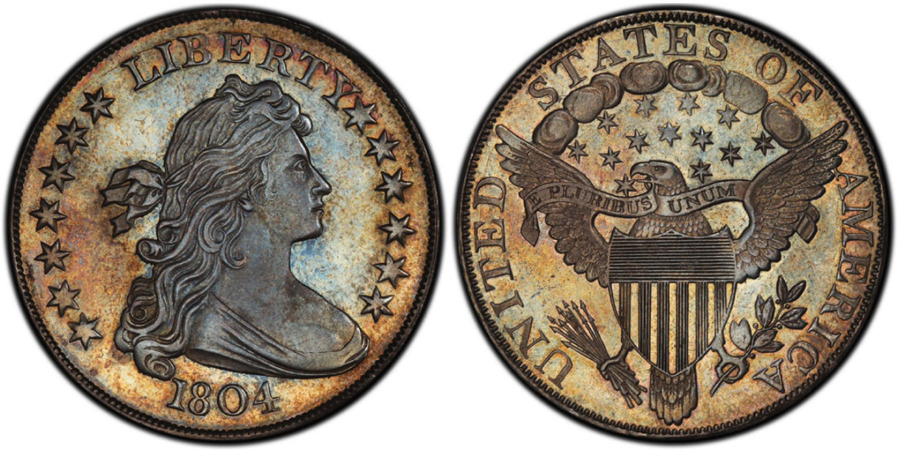

FIGURE 23-5: The Childs 1804 Bust silver dollar.

Bowers and Merena

1787 Brasher Doubloon EB on Breast ($7,395,000)

The Brasher Doubloon is the only American-made gold coin made to be circulated as currency; therefore, it's considered America's first gold coin and among the rarest and most important of all colonial coins. This unique specimen with the *EB* punch on the eagle's breast was called the *Bushnell specimen* for its appearance in the 1882 Chapmen sale of the Bushnell collection. It was formerly in the Garrett collection at John Hopkins University and was sold in December 2011 for a reported $7,395,000. (See Figure 23-6.)

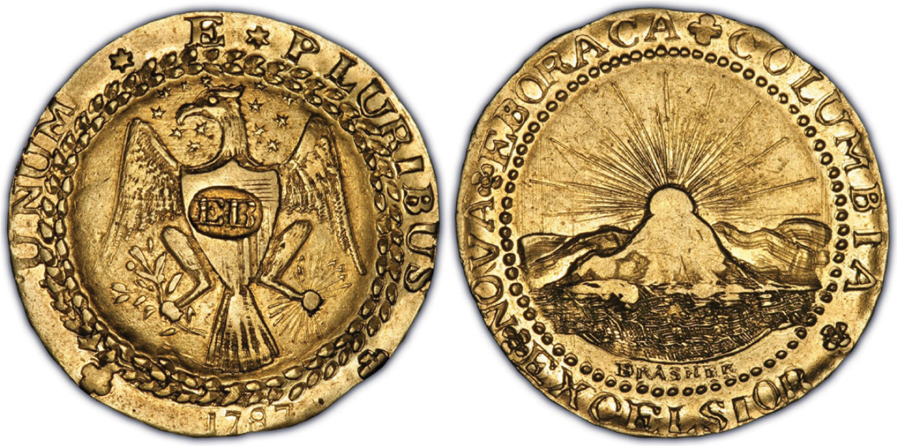

FIGURE 23-6: The 1787 Brasher Doubloon with the EB on the eagle's breast.

Professional Coin Grading Service

1861 $20 Paquet Reverse ($7,200,000)

This coin, one of the rarest coins in American numismatics, was created when United States Mint Engraver Anthony Paquet made modifications the reverse design of the Double Eagle denomination. (See Figure 23-7.) An unknown number of coins were struck before U.S. Mint director James Snowden recalled the coins and ordered them to be melted. Only two examples are known to have survived. One example graded PCGS MS-61 sold for $1,645,000 in 2014. The other example graded an immaculate PCGS MS-67 sold for $7,200,000 at auction in 2021.

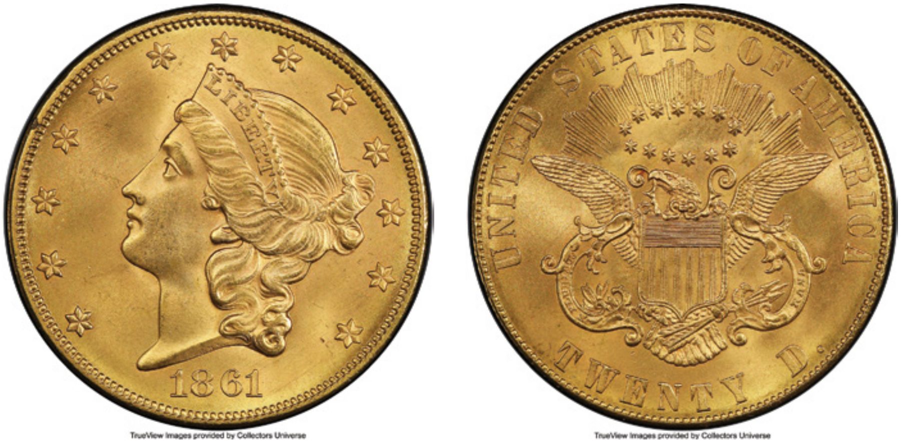

FIGURE 23-7: The 1861 Paquet Reverse Double Eagle.

Professional Coin Grading Service

1794 $1 (Lord St Oswald) ($6,600,000) PCGS MS66+

This coin is from the 1,758-piece mintage of 1794 silver dollars — the first dollars made for the United States. This was the largest silver coin authorized by Congress, and was the standard bearer for the country's denominational coinage.

In 1794 William Strickland, a farmer and a writer from England, traveled to the United States to conduct research on agriculture. An avid numismatist, he also visited the U.S. Mint, where he purchased two of the new 1794 silver dollars. These coins were kept in excellent condition, in a box with many other coins in a coin cabinet, and handed down from generation to generation, until Strickland's descendant, Major Sir Roland Denis Guy Winn, 4th Baron St Oswald, brought the collection to auction in 1964. These coins, known as the Lord St Oswald Collection, became big news overnight among coin collectors.

In 2021, one of Strickland's two 1794 dollars was sold for $6,600,000 by Heritage Auctions. (See Figure 23-8.)

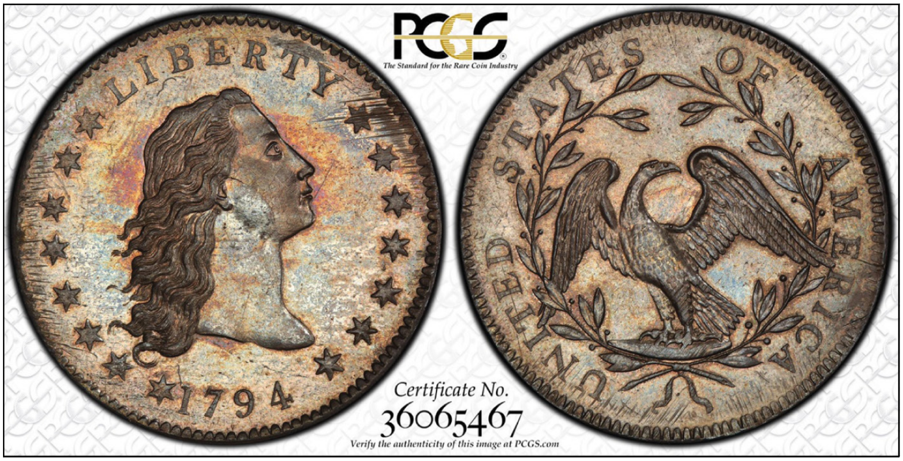
LIBERTY
1794
PCGS
The Standard for the Rare Coin Industry
UNITED STATES OF AMERICA
Certificate No.
36065467
Verify the authenticity of this image at PCGS.com

FIGURE 23-8: 1794 silver dollar (Lord St. Oswald).

Collectors Universe, Inc.

723 AD Umayyad Gold Dinar (£3,720,000-$6,029,400)

It is not only one of the rarest Islamic gold coins, it is also said to be the most expensive one ever to be sold in an auction. The coin was struck during the reign of Yazid II, the ninth Umayyad caliph, who ruled from 720 to 724. According to medieval writers, the caliph purchased territory close to Mecca at the time this coin ws minted and a gold mine was located on this territory. This mine, *Ma'dir Bani Sulaim* (Mine of the Commander of the Faithful), is mentioned on the coin. It is the first coin that states a location in its inscription that today is part of the Kingdom of Saudi Arabia.

The coin was sold by Morton and Eden, London, in April 2011. (See Figure 23-9.)

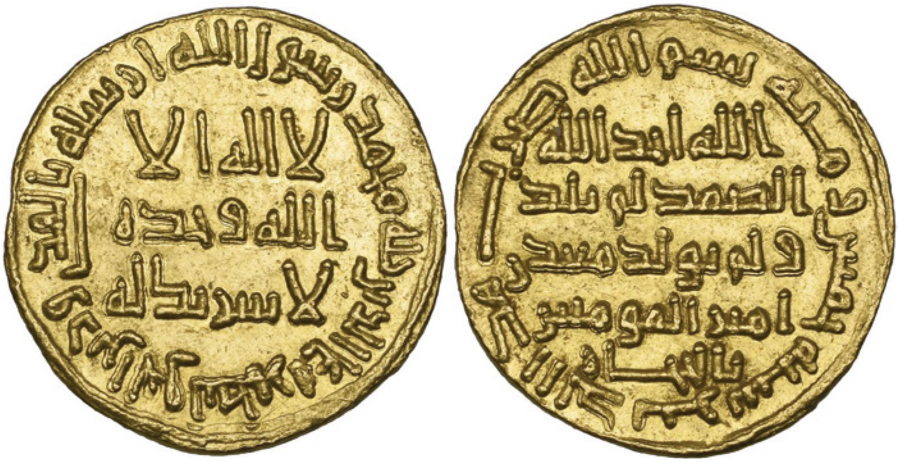

FIGURE 23-9: Umayyad Gold Dinar.

Tom Eden of Morton & Eden

1804 $10 Proof Eagle (5,280,000) PCGS PF65+ DCAM

The 1804 Plain 4 Proof Eagle is one of the rarest and most valuable issues in the history of American coinage. The 1804 Plain 4 Eagles were struck for inclusion in diplomatic presentation proof sets intended as gifts for various foreign rulers in the mid-1830s. Only four pieces were struck and just three examples are known to numismatists today.

The United States sought to establish favorable trade agreements with several Southeast Asian and Middle Eastern nations in the mid-1830s. To accomplish this, special envoy Edmund Roberts was dispatched on a diplomatic mission to help secure treaties with specific nations in the area. Diplomatic etiquette of the time called for an exchange of gifts between the interested parties. Accordingly, a large program of appropriate gifts was assembled for the King of Siam, the Sultan of Muscat, and the Emperors of Cochin China and Japan. Each ruler was to receive a personalized package of maps, pistols, clocks, telescopes, cut glass, and other objects of the finest American workmanship. Each gift package was also to contain a boxed-set of high-quality proof coins of the United States.

The four proof sets were struck and delivered to Edmund Roberts as instructed. Despite the best efforts of the State Department and their special envoy, only the Sultan of Muscat and King Of Siam actually received their gifts. Edmund Roberts fell ill and died in Macao before he could complete his mission, and the proof sets intended for the Emperors of Cochin China and Japan were apparently returned to the State Department when the U.S.S. Peacockreturned home in November 1837, along with the other gifts.

Sold by Heritage in January 2021. (See Figure 23-10.)

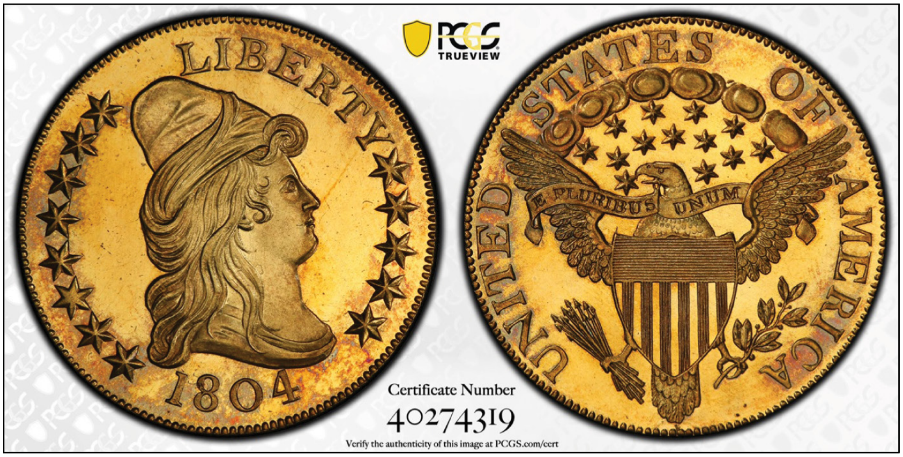
LIBERTY
1804
PCGS TRUEVIEW
Certificate Number
40274319
Verify the authenticity of this image at PCGS.com/cert
STATES OF AMERICA
UNITED
E PLURIBUS UNUM

FIGURE 23-10: 1804 Proof Eagle.

Collectors Universe, Inc.

IN THIS CHAPTER

- **Reviewing beautiful coins from the United States**
- **Discovering truly original coin designs**

Chapter 24

Ten Favorite U.S. Coin Designs

Beautiful designs can be found throughout the U.S. coin series. Although we have trouble playing favorites, this chapter lists the ten designs that we like most today. Tomorrow, we'll change our minds again, as we did yesterday.

With so many coins to choose among, your favorites may be different, and that's okay with us. After all, beauty is in the eye of the beholder, and there's more than enough beauty to go around.

1792 Silver Center Cent

The silver center cent (see Figure 24-1), one the rarest and most famous of all U.S. patterns, Judd J-1, was one of four prototypes of the first one-cent piece made in copper. Technical difficulties in producing quantities of the coin eliminated it as the first U.S. large cent. The large, pure-copper piece with a different design was favored instead, and in 1793, large cents that went into production were of that type. A gem specimen sold in January 2021 for $2,520,000.

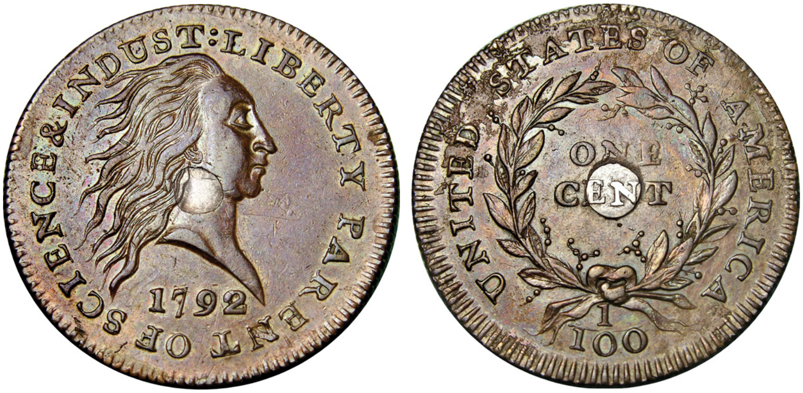

FIGURE 24-1: The 1792 silver center cent pattern.

1849 Double Eagle

The $20 gold coin shown in Figure 24-2 is the only known specimen of its kind and is among the rarest of U.S. pattern coins. It probably owes its existence to the discovery of gold in California in 1848.

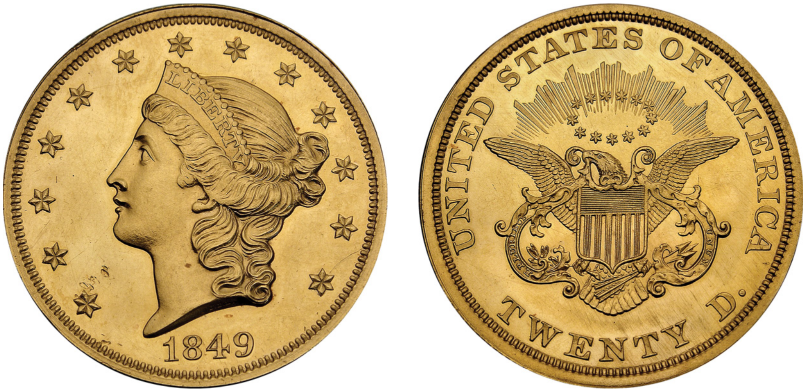

FIGURE 24-2: The 1849 Double Eagle pattern.

National Museum of American History

The California Gold Rush created a steady flow of new gold, much of which made it to the U.S. Mint in Philadelphia. When the mint decided to add a larger-denomination coin to production, in late 1849, Congress authorized the striking of $20 gold coins, designed and created by chief engraver James Longacre. This coin is one of two trial patterns struck on March 12, 1850. The second piece has long since disappeared into history. Just over a million production coins dated 1850 followed.

1907 Ultra-High Relief Double Eagle

The Ultra-High Relief Double Eagle (shown in Figure 24-3) was designed by renowned American artist Augustus Saint-Gaudens at the request of President Theodore Roosevelt. The Ultra-High was the world's first gold coin to sell for more than $1 million. It sold last in November 2005 for $2,990,000.

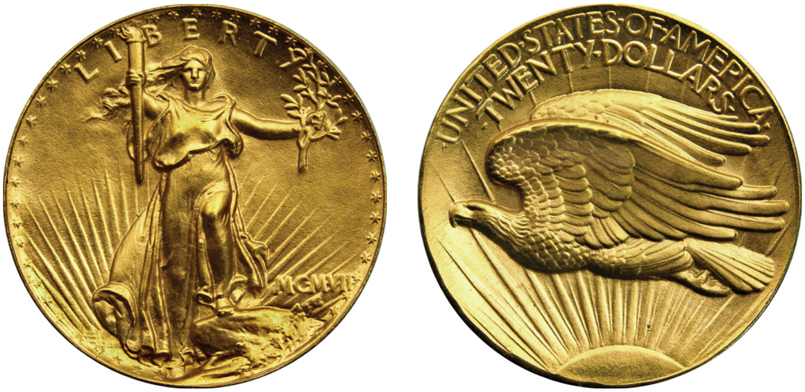

FIGURE 24-3: The 1907 Ultra-High Relief Double Eagle.

This coin was originally owned by its designer, Augustus Saint-Gaudens. Ohio philanthropist Albert Fairchild Holden obtained the coin directly from the Saint-Gaudens family in 1907. Holden's daughter, Emery May, inherited it in 1913, and it became a centerpiece of the legendary collection she and her husband, U.S. Ambassador R. Henry Norweb, assembled over the decades. Today, fewer than two dozen Ultra-High Relief specimens are known to exist.

1822 Half Eagle

Designed by John Reich in 1811 or 1812, this coin (shown in Figure 24-4) was last sold at public auction in March 2021 for $8.4 million. Owned by Pogue since 1982, it originally came from the Louis E. Eliasberg collection. The last time I saw it was in Stanley Kesselman's hand before the Pogue sale. This $5 gold coin — or Half Eagle, as the denomination is often called — is the only one still owned by a collector. A total of three 1822 Half Eagles are known to exist from an original mintage of 17,796, which may or may not have been made with this date. The other two reside in the National Numismatic Collection at the Smithsonian Institution. This coin is my choice as the rarest, most desirable business-strike coin.

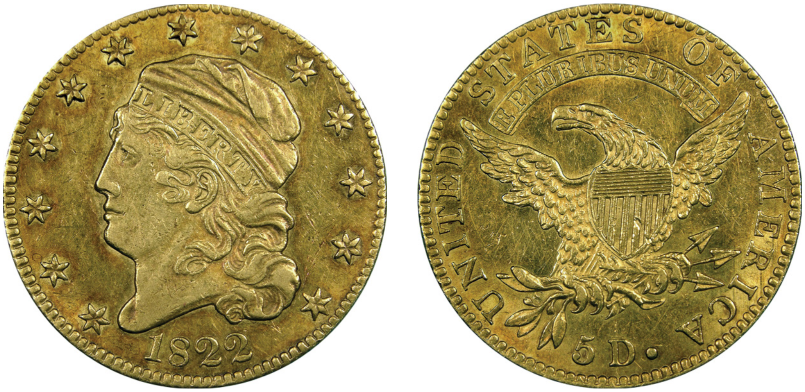
LIBERTY
1822
UNITED STATES OF AMERICA
E PLURIBUS UNUM
5 D.

FIGURE 24-4: The 1822 Half Eagle.

1785 Immune Columbia Constelatio in Gold

No one knows who made this coin (see Figure 24-5) or why. You can call us old coin-collecting fools, but we like this colonial coin in gold.

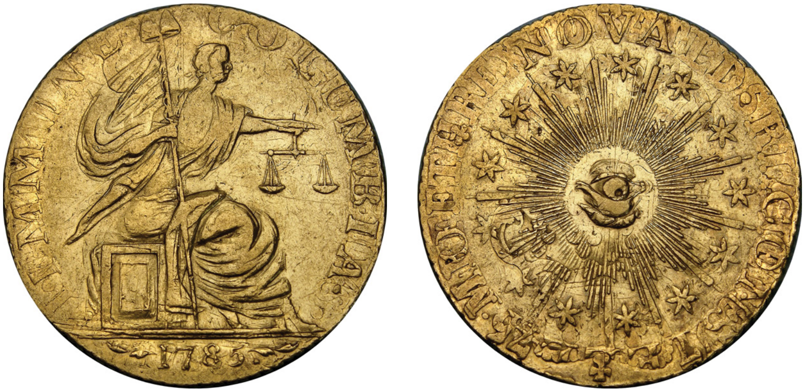
IMMUNE COLUMBIA
1785

FIGURE 24-5: The 1785 Immune Columbia Constelatio in gold.

National Museum of American History

1776 Continental Dollar

In 1776, the Continental Congress considered the idea of issuing coins and currency. One idea was to issue a silver-dollar-size coin, which the Congress authorized. Except for a few brass or silver pieces, most Continental dollars were struck in pewter. No one is sure where or when these were coins manufactured or under whose authority. The obverse has a sundial design; the reverse has a chain of linked rings, each with the name of one of the 13 states. The coin was never issued for circulation and is Rare in all metals. (You can see the Continental dollar in Chapter 9.)

1793 Wreath Cent

Designed by Henry Voigt, the wreath cent was the replacement for the much-maligned chain cent issued in 1793. Approximately 63,353 wreath cents were struck. Early specimens featured a stylized vine-and-bars design on the edges of the *planchet* (the metal disk the coin is made of), which was identical to that of the earlier chain cent. Later, this design was changed to a lettered edge reading "One hundred for a dollar." (You can see the wreath cent in Chapter 10.)

1809–36 Capped Bust Half Dollar, Second Style

This coin was designed by master die cutter and engraver John Reich, whose design was used for more than 30 years. A German immigrant who started as a bonded servant, Reich rose to the rank of chief engraver at the U.S. Mint. We like his graceful lines. (You can see the 1826 Capped Bust Half Dollar in Chapter 11.)

1794 Flowing Hair Dollar

This coin, designed by Robert Scot, was the first American silver dollar. The size and weight were copied directly from the Spanish Eight Reales, the premier trade coin in the world at the time. This denomination was officially adopted by Congress in 1785, possibly to replace the Continental dollar, which never went into production. This new dollar wouldn't be struck until nine years later. (You can see this fine design in Chapter 11.) A particularly nice one was sold in January 2013 for $10 million.

1808 Quarter Eagle

The 1808 Quarter Eagle is another fabulous coin designed by engraver John Reich. Neil has seen only two Uncirculated 1808 Quarter Eagles in 40 years. The 1808 Quarter Eagle is in Neil's logo because he likes it so much. (You can see this coin in Chapter 12.)

IN THIS CHAPTER

- » Knowing why coin collecting is a great activity for kids
- » Sharing your love of coins with a young person

Chapter 25

Ten Ways to Get Your Kids Involved in Coin Collecting

You're into coin collecting, and you've got a kid in your life — maybe a son or daughter, a niece or nephew, or a grandchild. The logical next step, as far as you're concerned, is sharing your love of coins and coin collecting with your young pal, and we must admit that this idea is brilliant. Why? Unlike so many hobbies and pastimes that kids can participate in, coin collecting is one that'll last a lifetime.

With so many activities grabbing for your kid's time and attention, how are you possibly going to break through all that noise with some coins? In this chapter, I show you how.

Show Them Some of Your Favorite Coins

Practically every collector has a favorite coin design, and most collectors have more than one. Introduce your kid to some of the most eye-catching designs, in denominations that they've never seen before.

It never fails to get people's attention when I show the 1764 8 reales (pillar silver dollar) I sometimes carry my pocket. This Spanish coin (1772–1832) was accepted as worldwide currency and traded on all continents except Antartica. The 8 reales is considered as the first U.S. silver dollar. It's an attention-grabber for people young and old.

TIP

You don't have to have this coin to get the same result. Your kid probably hasn't seen a large cent, a two-cent or three-cent piece, or even a common silver dollar recently. Go through your pocket change; show them the different 50 State Quarters, Jefferson-head nickels, and so on.

As you talk about when, how, and why the coins were made, where they were made, and the history represented you'll probably be surprised by how curious your kid is.

Show Them a Book That Illustrates the Coins You Own

After you pique your kid's curiosity by showing them a few of your coins, take out a coin book and show them the same coins you've been talking about. They'll be able to see a drawing or photograph of the very coins that they held just a few minutes ago.

Kids are often excited to make the connection between real life and what they read in books, and you can capitalize on that excitement with the coins and coin books you own.

Show Them Interesting Coin Websites

Your kid is probably already online more than you are, so why not show them cool coin websites they can go to instead of spending all their time on TikTok.

TIP

A great site on which to start an elementary-school-age kid is `https://www.usmint.gov/learn/kids`. On this site, your kids can play interactive games and travel in a "time machine" to find out about different coins and what was happening when those coins were made. There's even a section of the site for teachers, which you can use to talk with your kid about coins and answer their questions.

Start Them on Collecting the 50 State Quarters or the Presidential $1 Coins

Next time you're in a store buying something with your kid, and you notice that they got one of the 50 State Quarters back in change, point out to them what the coin is, and ask whether they think they could possibly collect the entire series. You might say something like "That's a lot of coins. Do you think you could find them all?" If your kid is up for the challenge, they'll probably start emptying their piggy bank and asking for change for a dollar bill whenever they're in a store.

You could also tell your child about the Presidential $1 Coins, show them a few that are available today, and see whether that program interests them.

To make things more official, you can buy folders or albums for the 50 State Quarters or the Presidential $1 Coins. Each holder has a space for one of every coin in the set.

TIP

You can find folders or albums at your local coin store or online. Browse around to find one that you think will work for your kid.

You may need to help your child at first, particularly if the set includes all the mint-marked coins.

Use Coins in a School Project

When my daughter was a freshman in high school, she did a project on World War II. As part of that project, she assembled a set of U.S. coins from the war, as well as a set from the overrun countries, from the Allies, and a set from the enemy. It was a large display, with the coins attached to a map showing all the military, political, and economic information that her project required. She not only aced the project, but she also got extra credit for her clever presentation.

After she came up with the project, she then had to do the research for all the coins she needed. She scoured thru my coin books and on the Internet and learned extra bits of history along the way. Of course, Dad pitched in to help supply the coins on her want list. Needless to say, my teenager thought I was a "cool Dad" for a day!

TIP

Some schools may have a coin collectors' club; see whether your kid's school has one. If it doesn't, and if your kid gets fascinated by coins, talk to the school principal about starting such a club. You could even offer to be the club's adviser for the first year.

Take Them to a Museum

One of the finest coin collections in the world is at the American Numismatic Society in New York City. If you make an appointment, you can see coins that you could only dream about before, as well as some coins that aren't even published in books. Both the librarian and the curator of the collection are very thoughtful and helpful when they're asked to work with kids.

But you don't have to live near New York to find coins on display. The Smithsonian Institution in Washington, D.C., has an impressive display of coins, and libraries and museums all over the United States have coins on display.

The Americn Numismatic Association in Colorado Springs, Co. is another great resource or perhaps a destination. The ANA's Money Museum offers programs for kids interested in numismatics through the museum's kids zone programing. More information on "Kid's Zone at the Money Museum" is available at `www.money.org`.

TIP

If you can't get to a museum that has coins, check out `http://americanhistory.si.edu/coins/index.shtml`, a wonderful resource provided by the Smithsonian Institution, where you can explore different kinds of coins and find out about their history.

Take Them to a Coin Dealer

You're probably already on good terms with a local coin dealer. (If you aren't, what are you waiting for?) Your coin dealer has access to just about anything that a young or inexperienced collector would want to know or see. Most kids are thrilled to meet an adult who shares their interest in coins and takes them seriously.

TIP

Talk to your dealer ahead of time; ask when would be a good time to come by with your kid. Most dealers love the opportunity to talk with young people about coins. To find a dealer located in your area, you can consult the American Numismatic Association Online Dealer Directory at `www.money.org`.

Take Them to a Coin Show

Going to a coin show takes a little planning and patience, but it’s worth it if your kid has shown some signs of self-motivation when it comes to learning about coins and is old enough to respect protocols. Start by going to a show that’s as close to home as you can. Later, if the small show is a hit with your kid, you can take them on a trip to a national show or even to the American Numismatic Association show.

Take Them to a Coin Auction

Every major coin show includes a coin auction. Going to a coin auction is a two-part affair. First, you get the chance to look at the coin lots. (You may want to get an appointment to look at the lots so that you don’t inconvenience the auction house or the other collectors and dealers, who are on a strict schedule.) Then, at the auction itself, you can follow the proceedings in the catalog and watch as coins that you just saw are sold.

More appropriate for teen age and older, a public auction is quite a unique experience.

Take Them to a U.S. Mint

The six United States Mint facilities are located in:

- Philadelphia, PA – Production Facility
- San Francisco, CA – Production Facility
- Denver, CO – Production Facility
- West Point, NY – Production Facility
- Fort Knox, KY – Bullion Depository
- Washington, DC – Headquarters

At the time of publication of this book, all United States Mint tours and stores, including those in Washington DC, Philadelphia, and Denver, are closed until further notice, but virtual tours are available on the new U.S. Mint Virtual Tours app, available at Google Play and the Apple App Store.

In the new U.S. Mint Virtual Tours mobile app, numismatists of all ages can go behind-the-scenes at the Philadelphia Mint to see how coins are made. Explore the production floors and follow the steps of circulating coin creation through videos, images, and 3D models. Along the way, collect hidden coins. This app is the first in a series of virtual tours that will showcase Mint facilities. For more information, visit `https://www.usmint.gov/`.

Pending reopening of U.S. Mint facilities, The Mint may resume in-person tours of the Philadelphia and Denver facilities, which cover the present state of coin manufacturing and the history of the Mint. Visitors can learn about the craftsmanship required at all stages of the minting process, from the original designs and sculptures to the actual striking of the coins.

Glossary

Numismatics has a specialized language all its own. This glossary helps you understand the basic jargon.

About Good (AG): A grading term used to describe a coin so badly worn that you can barely recognize the type and date.

About Uncirculated (AU): A grading term used to describe a coin that's nearly new; also referred to as *Almost Uncirculated.*

AG: *See* About Good (AG).

Almost Uncirculated: *See* About Uncirculated (AU).

ancient: A coin struck before medieval times.

artificial toning: Fake colors added on a coin that usually hide flaws. *See also* original toning.

AU: *See* About Uncirculated (AU).

bag marks: The nicks and dings caused when coins smack into one another, most commonly when carried in large containers or bags (such as from mints to banks).

blank: The metal disk that's stamped to make a coin.

blemish: Any defect on the surface of a coin.

bourse: A coin show where dealers buy and sell among themselves and with the general public.

branch mint: Any U.S. Mint other than Philadelphia.

Brilliant Uncirculated (BU): A grading term used to describe a coin that's bright, shiny, and new, and not yet used in commerce; usually, the lowest grade of Uncirculated.

BU: *See* Brilliant Uncirculated (BU).

BU rolls: Quantities of coins that are Brilliant Uncirculated. A BU roll of Morgan dollars, for example, has 20 coins, none of which circulated, usually put together at the bank from an original bag.

business strike: A coin that was made to be used and spent in commerce; the opposite of a proof. *See also* proof.

C: The mintmark of the U.S. Mint at Charlotte, North Carolina, used from 1838 to 1861.

cameo proof: A coin that has frosty devices and brilliant fields. *See* device *and* field.

catalog: A printed list offered by a coin dealer at an auction or a list showing fixed prices. Catalogs are often great sources of information and illustrations.

CC: The mintmark of the U.S. Mint at Carson City, Nevada, used from 1870 to 1893.

certified: Authenticated and graded by any of the two generally recognized independent, third-party grading services.

Choice: A nice coin; a grade usually used with other grading terms (such as Choice Very Fine or Choice Uncirculated).

Choice Uncirculated: Equal to Mint State 63 on a scale of 1 to 70; never abbreviated *CU* except on U.S. paper money.

circulated: A coin that's worn through use in commerce.

circulation strike: *See* business strike.

clad: Coins made of layers of metal. Examples include modern U.S. dimes, quarters, half dollars, and dollars, which have centers of copper and outer layers of a copper–nickel alloy.

cleaned: A coin that has had dirt or toning removed with a cleaning agent. Cleaning ranges from light to severe, depending on what is used to clean the coin. Cleaning may disqualify a coin from being certified.

coin doctor (archaic term): Someone who deceptively attempts to improve the appearance of a coin through cleaning, repairing, plugging, and/or any other deliberate alteration. Done properly and disclosed, this process is called *conservation* and is considered to be ethical.

coin show: A gathering of coin dealers in a public place for the purpose of meeting and trading with collectors and other dealers.

collar die: The die used to strike the edge of a coin. *See also* die.

colonial: A coin issued by, or used in, any of the American colonies, including some foreign coins.

commemorative: A coin struck specifically to honor a place, event, or person. Commemorative coins are generally sold at a premium and not meant to circulate.

common: A coin that's readily available and inexpensive.

condition: The grade of a coin.

Condition Census: A list of the top examples known of a given coin. The Condition Census for large cents, for example, includes the best examples known of a particular variety.

consignment: The coins that are given to an auction house or dealer to sell prior to payment.

contact marks: Any marks on a coin that occur due to contact with another coin or foreign object.

D: The mintmark of the U.S. Mints at Denver, Colorado (from 1906 to the present), and Dahlonega, Georgia (on gold from 1838 to 1861).

design type: The name given to the design on a particular U.S. coin.

device: Any of the raised design elements on a coin.

die: The steel cylinder with a design on it used to strike two of the three sides of a coin.

die variety: A combination of obverse and reverse dies. Every die is unique, especially early U.S. dies engraved by hand. Some die varieties are extremely rare.

dip: To clean a coin in a chemical bath to remove toning.

doctored: A coin that has been deceptively cleaned, altered, repaired, or otherwise improved to make it appear more valuable. *See also* coin doctor.

double-struck: A coin that has been struck twice by the dies.

edge: The surface that encircles a coin, added by the collar die, also known as the third side of a coin. *See also* collar die.

EF: *See* Extremely Fine (EF or XF).

elements: The various designs, lettering, and markings on a coin.

encapsulated or slabbed: Placed in a sealed plastic holder by either of of the two independent, third-party grading services.

error: A coin that results from a mistake made in the coining process.

estimate: An educated guess as to what a coin will sell for at auction, usually based on price guides and comparable sales.

Extra Fine: (slang) *See* Extremely Fine (EF or XF).

Extremely Fine (EF or XF): A grading term used to describe a well-preserved coin with a grade range from 40 to 49 on a scale of 1 to 70; sometimes improperly called *Extra Fine.*

eye appeal: The visual aspects of a coin. Coins with nice eye appeal are often worth a large premium.

face value: The value stated on a coin. The face value of a dime is 10 cents, for example, but the collector value of the same coin may be substantially higher.

Fair: A grading term used to describe a coin so worn that the type is barely identifiable.

fake: A coin or a slab that is not real or not made by the authority that appears to issue it. Fake coins are sometimes found within fake slabs. *See also* slab.

field: Any of the flat areas of a coin with no design.

Fine: A grading term used to describe a coin with a grade range from 11 to 19 on a scale of 1 to 70.

Finest Known: The coin ranked as the best known example of a denomination, type, date, or variety.

first strike: The first coin or one of the earliest coins struck from a pair of dies. These coins are usually prooflike, well struck, and nearly perfect.

full strike: A coin that has complete details thanks to a crisp, bold strike from the dies.

Gem Uncirculated: A grading term used to describe a coin with a grade range of 65 to 70 on a scale of 1 to 70.

Good: A grading term used to describe a coin that is very worn but has most of the devices outlined.

grade: The determination of the degree of wear (or lack thereof) on a coin.

grading: The art or skill of determining the condition of a coin.

incomplete strike: A coin in which parts of the design are missing or weak. An incomplete strike can be caused by poor pressure, misaligned dies, or foreign matter on the dies.

intrinsic value: The metal or bullion value of a coin, regardless of the face or collector value.

legend: Any of the wording or lettering on a coin. A motto such as "In God We Trust" can be a legend.

luster: The shiny quality of new metal. Luster decreases as wear increases.

mintage: The quantity of a particular coin struck by the U.S. Mint.

mint set: A specially packaged set of Uncirculated coins produced and sold by the U.S. Mint.

Mint State (MS): A grading term used to describe Uncirculated coins that range from 60 to 70 on a scale of 1 to 70.

mintmark: The small letter(s) on a coin identifying the mint where the coin was struck.

MS: *See* Mint State (MS).

multiple-struck: A coin that was struck more than once.

numismatics: The study of coins and related materials.

O: The mintmark of the U.S. Mint at New Orleans, Louisiana, which struck coins from 1838 to 1909.

obverse: The front of a coin, usually the side with the date or head. When you flip a coin and call “Heads,” this side is the one you want.

off-center: A coin that wasn’t perfectly centered when it was struck. Off-center strikes can range from minor to extreme.

original: A coin that has never been cleaned or impaired in any way outside the mint.

original roll: A roll of coins that remains as fresh as the day when the coins were struck.

original toning: The natural color on a coin.

overdate: A coin with two dates (or parts of dates), one on top of the other. Overdates usually result from the reuse of an earlier master die, updated to the correct year.

overdipped: A coin that has received one too many chemical baths in a misguided attempt to clean it and that has had the surface etched by the dip.

overgrading: The intentional or unintentional grading of a coin above its correct grade. This practice is sometimes used to sell coins for more than they’re worth.

P: The rarely used mintmark of the U.S. Mint at Philadelphia, the mother of all U.S. mints. Early coins from Philadelphia had no mintmark. Later issues — in 1945 and from 1980 to the present — bear the letter *P*.

pattern: A coin that tests a design to see how it appears in coin form and to determine whether it strikes properly. By definition, a *pattern* is a design type that was never accepted for regular use.

pioneer gold: Privately issued gold coins struck by a variety of minters anywhere in the United States where gold was discovered.

Poor: A grading term used to describe a coin so badly worn that you can barely recognize the type and date.

plugged: A coin that once had a hole drilled through it but has had the hole filled to bring the coin closer to its original appearance and full value.

prestige set: A special set of proof U.S. coins that includes the normal denominations, as well as one or more of the proof commemorative coins issued that year.

price guide: A publication that lists wholesale and/or resale prices for coins, often in different grades or categories.

price list: A published list of a dealer's inventory, priced for sale.

proof: A special manufacturing process for producing coins of exceptional quality and brilliance. Proof coins exhibit a full strike, mirrored surfaces, and sometimes a cameo effect from polishing both the planchet and the die before striking the coin. They're made specially for collectors and not meant for circulation. *See also* business strike.

proof set: The specially packaged set of proof coins produced and sold by any U.S. Mint each year.

prooflike: A circulation strike that mimics the deeply reflective appearance of a proof coin.

raw: (slang) A coin that hasn't been certified.

restrike: A coin struck from genuine dies later than the year indicated on the coin, usually to satisfy collectors.

reverse: The back of a coin, usually the side without a date or a head. When you flip a coin and call "Tails," this side is the one you want.

S: The mintmark of the U.S. Mint at San Francisco, California, from 1854 to the present.

seller's fee: The commission charged to the consigners in an auction.

series: The complete list of all dates and mints of a denomination or design type that were struck.

set: A complete collection of all the dates and mints of a denomination or design type that were struck.

Sheldon-Breen grading scale: The grading scale developed by Dr. William Sheldon and numismatist Walter Breen, which ranks coins on a scale of 1 to 70, with 70 representing perfection.

slab: A sealed, airtight plastic container issued by a recognized grading service and containing a graded or described genuine coin.

strike: The degree to which metal flows into the recesses of the dies when a coin is struck. The strike of a coin is usually referred to as weak, soft, bold, or full.

struck: A coin created in a press by stamping a blank piece of metal with a pair of dies.

surface: The outer layers or skin of metal on all sides of a coin.

token: A small coinlike object with no official value. In the United States, tokens are usually made for commemorative or advertising purposes.

toning: The color changes that occur on coins as a result of oxidation or contamination. Sometimes, toning can be ugly; often, it can be beautiful. *See also* artificial toning *and* original toning.

type: Any particular design or denomination.

Under grading: The grading of a coin below its true grade done diliberately or by a lack of knowledge.

Very Fine (VF): A grading term used to describe a coin with a grade range of 20 to 39 on a scale of 1 to 70.

Very Good (VG): A grading term used to describe a coin with a grade range of 7 to 11 on a scale of 1 to 70.

VF: *See* Very Fine (VF).

VG: *See* Very Good (VG).

wear: Friction from use on the surface of a coin.

world coin: Any coin issued by a country other than the United States.

XF: *See* Extremely Fine (EF or XF).

year set: A collection of all denominations produced in a given year.

Index

A

About Good (AG-3) grading, 218
About Uncirculated (AU-50) grading, 218–219
Absolute Rarities, 227
accumulating coins, 17–18
adjustment marks, 215
Aes Graves, 64
African coins, 73
agents, bidding via, 280
Akers, David, 279
Alabama half dollars, 182
American Numismatic Association (ANA), 29, 31, 214, 232
ancient coins
  age, affecting value, 65–66
  biblical, 64–65
  Byzantine, 65
  collecting, 66
  examples of, 18
  Greek, 62–63
  history, 62
  inscriptions on, 66
  overview, 10, 62–65
  Roman, 63–64
Anthony-head dollars (1979–99), 25, 139, 156–157
Arkansas centennial half dollars, 185
auctions
  bidding at, 278–280
  buying coins at, 271–282, 285
  catalogs, 274, 276, 281, 290–292
  consignment process, 283–285
  David Lawrence Auctions, 289–292
  eBay, 281–282
  Goldberg Auctions, 289
  GreatCollections Coin Auctions, 287–288
  Heritage Auctions, 285–286
  Kagin’s, 289
  Legend Rare Coin Auctions, 288
  Lyn Knight Auctions, 289
  online, 281–282
  overview, 271–273
  preparing to buy, 273–278
  reading terms and conditions of sale, 274–275
  registering at, 275
  reserving oneself, 280–281
  selling coins at, 284
  setting limits, 277–278
  Stack’s Bowers Galleries, 288–289
  taking kids to, 321
Australian coins, 74
authenticity
  grading and, 224–226
  guarantee of, 243

B

Bagg, Richard, 93, 214
Barber, Charles
  dimes (1892–1916), 135–136
  half dollars (1892–1915), 148
  quarter dollars (1892–1916), 141–142
bartering, 7–8
Bechtler family, 194
Better Business Bureau (BBB), 204, 244
biblical coins, 64–65
bidding at coin auctions, 278–280
Booker T. Washington half dollars, 186
books about numismatics, 29
Borglum, Gutzon, 183
Boyd, F. C. C., 303
Braided Hair large cents, 114
Braided Hair or coronet type half cents (1840), 109
branches of U.S. Mint, 21–22
Brasher, Ephraim, 97
Brasher Doubloons
  EB on breast, 305–306
  EB on wing, 303–304
  overview, 97
Breen, Walter, 33
Brilliant Uncirculated (BU) rolls, 21–22
British coins, 74, 91–93
brockages, 199
bronze coins, 63–64
Brown, Martin R., 214
Brown, Robert, 294
Brutus’s Ides of March denarius, 64
BU (Brilliant Uncirculated) rolls, 21–22
buffalo nickels, 124
bulk lot section at coin auctions, 276

business strike coins, 28, 223
Bust Dollars (1804), 305
Bust Half Nut Club, 31, 86, 146, 264
buyback guarantees, 243
buyer's fees, 275
buying coins
  at auctions, 271–282, 285
    bidding at, 278–280
    catalogs, 274, 276, 281
    eBay, 281–282
    online, 281–282
    overview, 271–273
    preparing to buy, 273–278
    reading terms and conditions of sale, 274–275
    registering at, 275
    reserving oneself, 280–281
    setting limits, 277–278
  commissions and transaction costs, 38
  feeder system, 206–208
  need for caution, 240
  online, 210–211
  overview, 11–12
  proofs, 36
  researching before
    grading guides, 30
    meeting numismatists, 31–32
    numismatic books, 29
    overview, 28–30
    price guides, 30
    trade papers, 29
    understanding parts and purpose of coins, 28
  resisting temptation, 229–230
  U.S. coins, 68
  U.S. Mint, 20–21
buy/sell spreads, 38
Byzantine coins, 65

C

California fractional gold coins, 194
California Gold Rush, 160–161
California half dollars, 183
Calvert, Cecil, 184
Canadian coins, 74
capital gains taxes, 297
Capped Bust coins
  dimes (1809–37), 134–135
  five-dollar coins
    Capped Bust (1807–34), 169–170
    Capped Bust (1822), 304, 313–314
    Capped Bust left (1807–12), 169
    Capped Bust right heraldic eagle (1795–1807), 168–169
    Capped Bust right small eagle (1795–98), 168
  half dimes (1829–37), 131
  half dollars (1807–39), 146–147
  half dollars, second style (1809-36), 315
  quarter dollars (1815–38), 140–141
  ten-dollar coins
    Capped Bust to right large eagle (1797–1804), 172–173
    Capped Bust to right small eagle (1795–97), 172
  two-dollar and fifty-cent coins (1808–34), 164–165
capped dies, 199
Capped Head coins
  five-dollar coins
    Capped Head left large size (1813–29), 169
    Capped Head left small size (1829–34), 169
  two-dollar and fifty-cent coins
    Capped Head left large size (1821–27), 164
    Capped Head left reduced size (1829–34), 164
Cardboard 2x2s, 43
care and handling of coins
  cleaning, 47–48
  desiccants, 52
  drying, 48
  fall protection, 50–51
  handling by edges, 49–50
  kid gloves, 48
  moisture, 50–52
  overview, 47–51
  removing dirt, 47–48
  removing from holders, 49
  robberies
    avoiding, 53
    dealing with, 56
    protecting against, 53–54
  slidemarks, 46
  transporting and securing, 52–56
    carrying in cars, 54–55
    carrying on planes, 55
    home safe vs. safe-deposit box, 53–54
  washing hands before touching, 48
cast coins, 226
catalogs, coin auction, 274, 276, 281, 290–292
Certified Acceptance Corporation (CAC), 253
certified coins, 233
certified price guides, 29
cheap offers, 239–240
Chinese coins, 74
Choice About Uncirculated (AU-58/55) grading, 218
Choice Extremely Fine (EF-45/XF 45)grading, 218

Choice Uncirculated (MS-65) grading, 217, 221
Choice Uncirculated (MS-66) grading, 221
Christopher Columbus commemorative coins, 187
cigar boxes, 42
Circulated vs. Uncirculated coins, 217–219
Civil War tokens, 83–84
clad coinage, 127
Clark, Gruber & Co., 194
Classic Head coins
  five-dollar coins (1834–38), 169–170
  large cents, 113
  two-dollar and fifty-cent coins (1834–39), 165
cleaned coins, 233–234
cleaning coins, 47–48
close spreads, 239
Cogen, Edward, 303
coin albums, 45–46
coin clubs, 31, 206, 264–265
coin collecting
  accumulating coins vs., 17–18
  affordability of, 69
  ancient coins, 66
  buying coins, 11–12
  Civil War tokens, 83–84
  collecting, 125–126
  commemorative coins, 189
  completion concept, 18
  by country, 72
  crowns, 72–73
  by date, 73
  by date and mintmark combination, 37
  deciding what to collect, 10
  by denomination, 37, 72
  by die variety, 84–86
  dimes, 137–138
  discretion and, 53
  dollars, 158
  Finest Known coins, 78–79
  Good For tokens, 81–82
  half cents, 110
  half dimes, 132–133
  half dollars, 150–151
  Hard Times tokens, 81
  insurance and, 57–58
  as investment, 293–296
  involving kids in
    books, 318
    50 State Quarters program, 319
    museums, 320
    Presidential one dollar coin program, 319
    school projects, 319
    showing collections, 317–318
    taking to coin auctions, 321
    taking to coin dealers, 320
    taking to coin shows, 321
    taking to U.S. Mint, 321–322
    websites, 318
  large cents, 115
  overview, 9, 20–21
  planning for, 37–39
  proofs, 197
  quarter dollars, 144–145
  selling coins, 12–13
  small cents, 118–119
  taxes and, 269–270, 296–297
  three-cent silvers, 129
  topically, 73
  twenty-cent pieces, 139–140
  by type, 37
  U.S. coins, 10–11
  Washington medals, 84
  by year, 37
Coin Dealer Newsletter, 70
coin dealers
  approaching, 32, 266
  cheap offers from, 239–240
  coin shows and, 205–206
  ethics and, 203–204
  evaluating, 208
  eye appeal and, 217
  feeder system, 206–208
  finding, 203–205
  guarantees, 242–243
  honesty and, 30
  local, 206
  misrepresentation and, 238
  national, 206–208
  no return privileges, 241–242
  online presence, 210–211
  outside U.S., 208–210
  overgrading and overpricing, 238–239
  overview, 12
  paper envelopes, 42
  questioning, 203–205
  return privileges, 242
  scams, 238, 243–245
  selling coins and, 261–262
  taking kids to, 320
  undergrading and, 239
  U.S. coins and, 68
coin doctors
  cleaned coins, 233–234
  counterfeiting and, 230
  curated coins, 234
  dipped coins, 234–235
  erasered coins, 235
  recolored coins, 236–237
  repaired coins, 236
  scrubbed coins, 235
  whizzed coins, 235–236
coin shops, 31, 205
coin shows, 31
  coin dealers and, 205–206
  feeder system, 206–208
  selling coins via, 263–264
  taking kids to, 321

coin tubes, 46
Coin World, 29–30, 265
CoinFacts website, 195
coins
  accumulating vs. collecting, 17–18
  buying
    at auctions, 271–282, 285
    commissions and transaction costs, 38
    feeder system, 206–208
    online, 210–211
    overview, 11–12
    proofs, 36
    U.S. coins, 68
    U.S. Mint, 20–21
  care and handling, 47–56
  casting, 226
  certified, 233
  cleaned, 233–234
  clearing through customs, 209–210
  for collection purposes, 28
  color of, 215–216
  conserving, 254–255
  counterfeit, 224–225
  curated, 234
  date on, 37
  defective, 198
  denomination, 37
  dipped, 234–235
  donating, 270
  double-sided, 199
  erasered, 235
  fake
    buying, 229–230, 240
    cheap offers, 239–240
    coin doctors, 233–237
    detecting, 231–232
    guarantees, 242–243
    misrepresentation, 238
    no return privileges, 241–242
    online, 211
    overgrading, 238–239
    overview, 237–240
    return privileges, 242
    scams, 238, 243–245
    undergrading, 239
  general circulation, 28
  grading
    authenticity, 224–226
    buying coins online, 211
    Circulated vs. Uncirculated, 217–219
    consistency of, 221–223
    establishment of value and, 226–228
    eye appeal, 216–217
    factors affecting, 214–216
    foreign coins, 75–76
    guarantees, 224
    guides, 30
    market demand and, 228
    obverse, 219
    originality and, 224–226
    overgrading and overpricing, 223–224
    overview, 213–214
    precision, 219–221
    proofs, patterns, and specimens, 223
    rarity and, 226–228
    reverse, 219
    scale, 33, 78, 214
    survival rate and, 228
    U.S. coins, 68
  handling and care
    carrying in car, 54–55
    carrying on plane, 55
    cleaning, 47–48
    deciding between home safe and safe-deposit box, 53–54
    desiccants, 52
    drying, 48
    fall protection, 50–51
    handling by edges, 49–50
    kid gloves, 48
    moisture, 50–52
    overview, 47–51
    removing dirt, 47–48
    removing from holder, 49
    robberies, 56
    slidemarks, 46
    transporting and securing, 52–56
    washing hands before touching, 48
  hiding, 53
  history of, 7–9
  hoarding, 34–35
  minting, damage during and after, 215
  mintmarks on, 18, 21, 37
  misconception about age of, 32
  obverse, 23, 28, 84, 219
  online pricing, 210–211
  overpricing, 223–224
  parts and purpose of, 28
  pitting on, 51
  process of making, 28
  recolored, 236–237
  religious symbolism on, 63, 65
  repaired, 236
  researching before buying, 28–30
  restoring, 254–255
  reverse, 23, 28, 84, 219
  screening before certifying, 205
  scrubbed, 235
  selling
    appealing to need, 267
    assertiveness, 266
    at auctions, 284

    coin dealers, 261–262
    coin shows, 263–264
    deciding on how to, 258–259
    entire collection, 261–262
    feeder system, 206–208
    grading and, 260
    gradually, 262
    keeping good records, 269–270
    knowledge and, 259
    locations for, 261
    marketing, 267
    mastering art of, 266–269
    online, 211, 264–266
    overview, 12–13
    patience, 268–269
    preparing for, 259–260
    presentation and, 260
    pricing, 260, 267–268
    realities of, 258
    sense of urgency, 267
    U.S. coins, 68
    U.S. Mint, 20–21
    via publications, 264–266
    via specialty clubs, 264–265
  shipping, 248, 250–251
  storing
    damage from holders, 49
    overview, 42–46
  submitting for grading, 248, 260
  toning, 19, 215–216, 234
  types of, 18–22, 37
  value of
    age, 33, 65–66
    condition, 33–34
    demand, 34–35
    errors, 25
    grading and, 228
    overview, 32–36
    rarity, 35–36
    supply, 36
    toning, 19
  varieties, 18
  whizzed, 235–236
  year on, 37
collar dies, 84
collusion, 277
Colonial Coin Collectors Club, 31, 85, 264
colonial coins
  Brasher doubloons, 97
  British coins, 91–93
  Connecticut coins, 94–95
  Continental dollars, 98
  die varieties, 85
  foreign coins and, 73–74, 90–93
  French coins, 90
  Fugio cents, 98–99
  grate halfpennies (1795), 102
  Higley coppers, 98
  Immune Columbia Constelatio in Gold (1785), 314
  Irish coins, 91
  Liberty and Security pennies, 104
  London elephant tokens, 93
  Massachusetts coins, 93–94
  Mott tokens, 97
  New Jersey coins, 94
  New York coins, 96
  Nova Constellatio coppers, 99–100
  overview, 10–11
  quasiofficial, 98–100
  recognizing, 90
  ship halfpennies (1793), 102
  Spanish coins, 92, 140
  Unity States cents, 100–101
  Vermont coins, 95
  Virginia coins, 96
  Washington large eagle cents (1791), 101
  Washingtoniana, 100–104
commemorative coins
  Alabama half dollars, 182
  Arkansas centennial half dollars, 185
  availability of, 69
  Booker T. Washington half dollars, 185
  California half dollars, 183
  characteristics, 180
  Christopher Columbus, 187
  circulating, 188
  classic
    1892–1934, 180–184
    1934–54, 184–186
  collecting, 189
  crowns, 72–73
  Eisenhower-head dollars (1971–78), 156, 187
  50 State Quarters program, 23, 68, 188, 319
  Fort Vancouver half dollars, 183
  Grant Memorial coins, 183
  Hawaiian half dollars, 184
  Huguenot-Walloon half dollars, 183
  Isabella quarter dollars (1893), 181
  Jefferson and McKinley gold dollars, 181
  Lafayette dollars, 181
  Lewis and Clark Exposition gold dollars, 181
  Lexington-Concord half dollars, 183
  Lincoln/Illinois half dollars, 182
  Maine half dollars, 182
  Mark Twain, 187
  Maryland half dollars, 184
  McKinley gold dollars, 182

commemorative coins *(continued)*
  Missouri half dollars, 182
  modern, 187
  Monroe Doctrine half dollars, 183
  numismatics and, 20–21, 24–25
  Oregon Trail half dollars, 183–185
  overview, 11, 179–180
  Panama-Pacific Exposition, 182
  Pilgrim half dollars, 182
  San Diego half dollars, 185
  Sesquicentennial half dollars and Quarter Eagles, 183
  sports, 187
  Statue of Liberty, 187
  Stone Mountain half dollars, 183
  Texas centennial half dollars, 185
  U.S. Constitution, 200th anniversary of, 187
  Vermont half dollars, 184
  war, 187
commissions, 38
Condition Census, 79–80
condition rarity
  affecting value of coins, 32
  gold coins, 173
  grading and, 227
Confederate coins, 195–196
Connecticut coins, 94–95
consignment process, 283–285
Continental Dollars (1776), 98, 314–315
copper coins
  Connecticut coppers, 94–95
  dipping, 234
  follis, 65
  Fugio cents, 98–99
  grading, 216, 249
  half cents
    Braided Hair or coronet type (1840), 109
    Capped Bust or Classic Head (1809), 108–109
    collecting, 110
    Liberty cap, head facing left (1793), 107
    Liberty cap, head facing right (1794), 107–108
    overview, 106–110
  halfpennies, 102
  Hawaiian, 198
  Higley coppers, 98
  large cents
    Braided Hair (1839), 114
    Capped Bust or Classic Head (1808), 113
    collecting, 115
    coronet type, 114
    Draped Bust (1796), 113
    Flowing Hair, chain cent reverse (1793), 111–114
    Flowing Hair, wreath reverse (1793), 112
    Liberty cap (1793), 112
    matron head (1816), 114
    overview, 111–115
    Washington large eagle (1791), 101
  Liberty and Security pennies, 104
  moisture and, 51
  New Jersey coppers, 94
  Nova Constellatio coppers, 99–100
  Nova Eborac coppers, 96
  overview, 11
  silver center cents (1792), 311–312
  small cents
    collecting, 118–119
    Flying Eagle (1856), 116–117, 193
    Indian-head (1859), 116–117
    Lincoln type, Memorial reverse (1959), 117–118
    Lincoln type, wheat ears reverse (1909), 117–118
    overview, 116–119
  two-cent piece, 120–121
  Unity States cent, 100–101
  Vermont coppers, 95
  Virginia coppers, 96
coronet type large cents, 114
corrosion, 51
cost of collecting
  converting currency, 209
  dimes, 138
  dollars, 158
  half cents, 110
  half dimes, 133
  half dollars, 150–151
  large cents, 115
  nickel coins, 125–126
  quarter dollars, 144–145
  small cents, 118–119
  three-cent nickels, 122
  three-cent silvers, 129
  twenty-cent pieces, 139–140
  two-cent pieces, 120–121
counterfeit coins
  authenticity and originality, 224–225
  buying
    need for caution, 240
    resisting temptation, 229–230
  cheap offers, 239–240
  coin doctors
    cleaned coins, 233–234
    curated coins, 234
    dipped coins, 234–235
    erasered coins, 235
    recolored coins, 236–237
    repaired coins, 236

    - scrubbed coins, 235
    - whizzed coins, 235–236
  - detecting, 231–232
  - guarantees, 242–243
  - misrepresentation, 238
  - no return privileges, 241–242
  - overgrading, 238–239
  - overview, 237–240
  - return privileges, 242
  - scams, 238, 243–245
  - undergrading, 239
- counteroffers, 267
- crowns, 72–73
- curated coins, 234
- customs, clearing coins through, 209–210

D

- Dannreuther, John, 160
- date and mintmark combination, collecting by, 37
- date sets
  - defined, 110
  - dimes, 138
  - dollars, 158
  - half cents, 110
  - half dimes, 133
  - half dollars, 151
  - large cents, 115
  - nickel coins, 125–126
  - quarter dollars, 144
  - small cents, 119
  - three-cent nickel, 122
  - three-cent silvers, 129
  - twenty-cent pieces, 139
  - two-cent piece, 120–121
- dates, collecting by, 73
- David Lawrence Auctions, 289–292
- decadrachm, 63
- demand
  - affecting value of coins, 34–35
  - grading and, 228
- denarius, 64
- denomination sets, defined, 159
- denominations
  - coins with multiple, 272
  - collecting by, 37, 72
  - Good For tokens, 82
  - type sets, 110
- desiccants, 52
- details grading, 249
- detecting fake coins, 231–232
- die varieties
  - collecting by, 84–86
  - defined, 160
  - dimes, 138
  - dollars, 158
  - half cents, 110
  - half dimes, 133
  - half dollars, 151
  - large cents, 115
  - nickel coins, 126
  - quarter dollars, 144–145
  - small cents, 119
  - three-cent nickels, 122
  - three-cent silvers, 129
  - twenty-cent pieces, 140
  - two-cent pieces, 121
- dies
  - damage from, 215
  - defined, 232
  - overview, 28
  - trial pieces, 223
- DiGenova, Silvano, 294
- dimes
  - Barber (1892–1916), 135–136
  - Capped Bust (1809–37), 134–135
  - collecting, 137–138
  - Draped Bust (1796–1807), 134
  - Mercury-head (1916–1945), 136–137
  - overview, 133–138
  - Roosevelt-head (1946–present), 137
  - Seated Liberty (1837–91), 135
- dipped coins, 234–235
- diversification, 228
- Double Eagles. *See* twenty-dollar coins
- double-struck coins, 199
- drachm, 63
- Draped Bust coins
  - dimes (1796–1807), 134
  - dollars (1795–1804), 153
  - half dimes (1796–1805), 130–131
  - half dollars (1796–1807), 146–147
  - large cents (1796–1807), 113
  - quarter dollars (1796–1807), 140–141
- Dunn, John W., 214
- Dutch coins, 74

E

- Eagles. *See* ten-dollar coins
- Early American Coppers (EAC), 31, 85, 264
- *Early American Coppers* (Sheldon), 214
- early gold commemoratives (1903–26) type listing, 189
- *Early U.S. Gold Coin Varieties* (Dannreuther), 160
- eBay, 66, 210–211, 266, 281–282
- edges, 28
- educational seminars, 31
- Eight Reales coins, 92
- Eisenhower, Dwight D., 187

Eisenhower-head dollars (1971–78), 156, 187
encapsulation, 249–250
Endo, Raeleen, 287
engravers, 28, 84–85
erasered coins, 235
error coins, 25, 198–200
establishment of value, 226–228
ethics of coin dealers, 203–204
Extremely Fine (EF-40/XF-40) grading, 76, 218
eye appeal, 216–217

F

Fair (FR) grading, 218
fake coins
  buying
    need for caution, 240
    resisting temptation, 229–230
  cheap offers, 239–240
  coin doctors
    cleaned coins, 233–234
    curated coins, 234
    dipped coins, 234–235
    erasered coins, 235
    recolored coins, 236–237
    repaired coins, 236
    scrubbed coins, 235
    whizzed coins, 235–236
  detecting, 231–232
  guarantees, 242–243
  misrepresentation, 238
  no return privileges, 241–242
  online, 211
  overgrading, 238–239
  overview, 237–240
  return privileges, 242
  scams, 238, 243–245
  undergrading, 239
fall protection, 50–51
Faruk I, 276, 302
fasces design, 136
Federal Trade Commission (FTC), 244
feeder system, 206–208
50 State Quarters program, 23, 68, 188, 319
fifty-dollar coins, 182
Fine (F) grading, 218
Finest Known coins, 78–79
fire safes, 54
fishscales coins, 128
five-dollar coins
  Capped Bust (1807–34), 169–170
  Capped Bust (1822), 304, 313–314
  Capped Bust left (1807–12), 169
  Capped Bust right heraldic eagle (1795–1807), 168–169
  Capped Bust right small eagle (1795–98), 168
  Capped Head left large size (1813–29), 169
  Capped Head left small size (1829–34), 169
  Christopher Columbus, 187
  Classic Head (1834–38), 169–170
  Half Eagle 1822, 313–314
  Indian-head (1908–29), 171–172
  Liberty-head (1839–1908), 170–171
  overview, 168–172
  Statue of Liberty, 187
  Turban Head (1795–1807), 168–169
  Type of 1839, no motto (1839), 170
  Type of 1840, no motto (1839–66), 170–171
  U.S. Constitution, 200th anniversary of, 187
flip rub, 49
flips, 43–44
floor safes, 53
Florida United Numismatists (FUN), 29
flow lines, 233–234
Flowing Hair coins
  half dimes, 130
  half dollars, 145–146
  large cents, 111–114, 315
  one-dollar coins, 152, 302–303, 315
Flying Eagle cents (1856), 116–117, 193
foreign coins. *See* world coins
Fort Vancouver half dollars, 183
four-dollar coins, 167–168, 193
Frankenfield, J. R., 279
Franklin, Benjamin, 149
Franklin-head half dollars (1948–63), 149
Fred Weingberg Collection, 25
French coins, 74, 90
Fugio cents, 98–99
FUN Topics, 29

G

Garrett, Jeff, 29, 160
Gasparro, Frank, 150
Gem Uncirculated (MS-67) grading, 217, 221
Gem Uncirculated (MS-68) grading, 220
German coins, 74
Getchell's fake coins, 225
Gobrecht, Christian, 114, 153, 192–193

Gobrecht silver dollars (1836), 192
gold (metal), 19
gold coins
  ancient, 63–64
  availability of, 69
  Brasher Doubloons
    EB on breast, 305–306
    EB on wing, 303–304
    overview, 97
  California fractional gold coins, 194
  Christopher Columbus, 187
  dipping, 234
  fifty-dollar coins, 182
  five-dollar coins
    Capped Bust (1807–34), 169–170
    Capped Bust (1822), 304, 313–314
    Capped Bust left (1807–12), 169
    Capped Bust right heraldic eagle (1795–1807), 168–169
    Capped Bust right small eagle (1795–98), 168
    Capped Head left large size (1813–29), 169
    Capped Head left small size (1829–34), 169
    Classic Head (1834–38), 169–170
    Indian-head (1908–29), 171–172
    Liberty-head (1839–1908), 170–171
    overview, 168–172
    Turban Head (1795–1807), 168–169
    Type of 1839, no motto (1839), 170
    Type of 1840, no motto (1839–66), 170–171
  four-dollar coins, 167–168, 193
  grading, 216
  Grant Memorial coins, 183
  history of, 160–161
  Immune Columbia Constelatio in Gold (1785), 314
  Jefferson and McKinley gold dollars, 181
  Lewis and Clark Exposition gold dollars, 181
  McKinley gold dollars, 182
  moisture and, 51
  numismatics and, 19–20
  one-dollar coins
    Indian-princess (1854–89), 162–163
    Liberty-head (1849–54), 161–162
    overview, 161–163
  overview, 11, 159–160
  Panama-Pacific Exposition coins (1915), 182
  pioneer gold coins, 193–195
  Sesquicentennial half dollar, 183
  Statue of Liberty, 187
  ten-dollar coins
    Capped Bust to right large eagle (1797–1804), 172–173
    Capped Bust to right small eagle (1795–97), 172
    Indian-head (1907–33), 173–174
    Liberty-head (1838–1907), 172–173
    overview, 172–174
    Proof Eagle (1804), 308–309
    Turban Head (1795–1804), 172–173
    Type of 1838, no motto (1838–39), 173
    Type of 1840, no motto (1839–66), 173
  three-dollar coins, 166–167
  twenty-dollar coins
    Double Eagle (1849), 193, 312
    Double Eagle (1857-S), 34
    Double Eagle (1933), 301–302
    gold piece (1913-S), 35–36
    gold piece (1927-D), 35
    Indian-head (1907), 193
    Liberty-head (1849–1907), 174–175
    overview, 174–177
    Paquet Reverse (1861), 306
    Saint-Gaudens (1907–33), 175–177
    Ultra-High Relief (1907), 313
  two-dollar and fifty-cent coins
    Capped Bust (1808–34), 164–165
    Capped Head left large size (1821–27), 164
    Capped Head left reduced size (1829–34), 164
    Classic Head (1834–39), 165
    Indian-head (1908–29), 165–166
    Liberty-head (1840–1907), 165–166
    overview, 163–166
    Quarter Eagle (1808), 316
    Sesquicentennial Quarter Eagle, 183
    Turban Head (1796–1807), 163–164
  Umayyad Gold Dinar (723 AD), 307–308
  U.S. Constitution, 200th anniversary of, 187
Goldberg, Larry, 289
Goldberg Auctions, 289
Good (G) grading, 218
Good For tokens, 81–82

grading
  authenticity and, 224–226
  buying coins online, 211
  Certified Acceptance Corporation, 253
  Circulated vs. Uncirculated coins, 217–219
  companies dedicated to, 251–254
  conservation, 254–255
  consistency of, 221–223
  encapsulation, 249–250
  establishment of value, 226–228
  eye appeal, 216–217
  factors affecting, 214–216
  foreign coins, 75–76
  guarantees, 224, 243
  guides about, 30, 230
  market demand, 228
  metal, 255
  Numismatic Guarantee Company, 251–252
  originality and, 224–226
  overgrading, 223–224, 238–239
  overview, 213–214
  precision, 219–221
  process, 248–250
  Professional Coin Grading Service, 252–253
  proofs, patterns, and specimens, 223
  rarity and, 226–228
  restoration, 254–255
  scale, 33, 78, 214
  selling coins, 260
  shipping, 250–251
  spots, 254–255
  submitting coins for, 248, 260
  survival rate and, 228
  toning, 254
  undergrading, 239
  U.S. coins, 68
Grading Coins (Bagg), 214
Grant, Ulysses S., 183
Grant Memorial coins, 183
GreatCollections Coin Auctions, 287–288
Greek coins, 62–63
Greysheet, 243
guarantees
  of authenticity, 243
  coin auctions, 275
  of grade, 224, 243
  overview, 242–243
Guide Book of United States Coins, A (Yeoman), 29, 160
Guide to the Grading of Rare Coins, A (Brown & Dunn), 214
Guth, Ron, 160

H

half cents
  Braided Hair or coronet type (1840), 109
  Capped Bust or Classic Head (1809), 108–109
  collecting, 110
  die variety, 85
  Liberty cap, head facing left (1793), 107
  Liberty cap, head facing right (1794), 107–108
  Massachusetts, 93–94
  overview, 106–110
half dimes
  Capped Bust (1829–37), 131
  collecting, 132–133
  Draped Bust (1796–1805), 130–131
  Flowing Hair (1794–95), 130
  overview, 130–132
  Seated Liberty (1837–73), 132
half dollars
  Alabama, 182
  Arkansas centennial, 185
  Barber (1892–1915), 148
  Booker T. Washington, 185
  California, 183
  Capped Bust (1807–39), 146–147
  Capped Bust, second style (1809–36), 315
  Christopher Columbus, 187
  collecting, 150–151
  Confederate, 195–196
  die variety, 86
  Draped Bust (1796–1807), 146–147
  Flowing Hair (1794–95), 145–146
  Fort Vancouver, 183
  Franklin-head (1948–63), 149
  Franklin-head (1953-S), 33
  Grant Memorial coins, 183
  Hawaiian, 184
  Huguenot-Walloon, 183
  Kennedy-head (1964–present), 150
  Lexington-Concord, 183
  Lincoln/Illinois, 182
  Maine, 182
  Maryland, 184
  Missouri, 182
  Monroe Doctrine, 183
  Oregon Trail, 183–185
  overview, 145–150
  Panama-Pacific Exposition coins (1915), 182
  Pilgrim, 182
  San Diego, 185
  Seated Liberty (1839–91), 147–148
  Sesquicentennial, 183
  Statue of Liberty, 187

  Stone Mountain, 183
  Texas centennial, 185
  Vermont, 184
  Walking Liberty (1916–47), 148–149
  Washington Carver commemorative (1951), 35
Half Eagles. *See* five-dollar coins
halfpennies
  grate (1795), 102
  Irish, 91
  ship (1793), 102
  Virginia, 96
Halperin, James, 176, 214, 285–286
handling coins. *See* care and handling of coins
hard plastic holders, 44–45
Hard Times tokens, 81
Hawaiian coins, 184, 197–198
Heritage Auctions, 285–286
high mintage figures, 35
Higley, Sam, 98
Higley coppers, 98
hoarding coins, 34–35
Holden, Albert Fairchild, 313
Holder, Michael, 93
holders, 42–46, 49
home alarm systems, 54
home safes, 53–54
How to Grade United States Coins (Halperin), 214
Huguenot-Walloon half dollars, 183
Hull, John, 225

I

Immune Columbia Constelatio in Gold (1785), 314
income taxes, 297
incuse, 165, 171
Indian-head coins
  five-dollar coins, 171–172
  nickels, 124
  small cents, 116–117
  ten-dollar coins, 173–174
  twenty-dollar coins, 193
  two-dollar and fifty-cent coins, 165–166
Indian-princess gold dollars (1854–89), 162–163
in-person bidding, 278–279
inscriptions on ancient coins, 66
insurance, 57–58
international coin dealers, 208–210
Investor's Guide to United States Coins, The (DiGenova), 294
Irish coins, 74, 91
Isabella quarter dollars, 181
Ivy, Steve, 285–286

J

Jackson, Andrew, 81
Jackson, Stonewall, 183
Japanese coins, 74
Jarvis, James, 98
Jefferson, Thomas, 124–125
Jefferson and McKinley gold dollars, 181
Jefferson-head nickels, 124–125
John Reich Collectors Society, 86, 264
Johnson, B. G., 303
Journal of Financial Planning (Brown), 294
JVDEA CAPTA coins, 64

K

Kagin, Art, 289
Kagin, Donald, 195, 289
Kagin's Coin Auctions, 289
Kalakaua, David, 198
Kamehameha III, 198
Kellogg & Co., 194
Kennedy, John F., 150
Kennedy-head half dollars (1964–present), 150
kid gloves, 48
Knight, Lyn, 289
Kosoff, Abe, 276
Kraljevich, John, 290
Kreisberg, Abner, 276

L

Lafayette dollars, 181
large cents, 111–115
  Braided Hair (1839), 114
  Capped Bust or Classic Head (1808), 113
  collecting, 115
  coronet type, 114
  die variety, 85
  Draped Bust (1796), 113
  Flowing Hair, chain cent reverse (1793), 111–114
  Flowing Hair, wreath reverse (1793), 112
  Hawaiian, 198
  Liberty cap (1793), 112
  matron head (1816), 114
  overview, 111–115
  silver center cents (1792), 311–312
  Washington large eagle cents (1791), 101
Lawrence, David, 289–290
Lee, Robert E., 183
Legend Rare Coin Auctions, 288
legends on coins, 28
Lewis and Clark Exposition gold dollars, 181
Lexington-Concord half dollars, 183

Liberty and Security pennies, 104
Liberty cap coins
  half cents, head facing left (1793), 107
  half cents, head facing right (1794), 107–108
  large cents (1793), 112
Liberty Seated Collectors Club, 264
Liberty-head coins
  five-dollar coins, 170–171
  nickels, 123–124, 193
  one-dollar coins, 161–162
  ten-dollar coins, 172–173
  twenty-dollar coins, 174–175
  two-dollar and fifty-cent coins, 165–166
Lincoln, Abraham, 117–118, 223
Lincoln-head coins
  Lincoln pennies, 117–118
  Lincoln Presidential Dollars, 25
  Lincoln/Illinois half dollars, 182
liquidity, 70, 268–269, 296
local coin dealers, 206
London elephant tokens, 93
Longacre, James, 116–117, 161–163, 312
Lovett, Robert, Jr., 196
Lyn Knight Auctions, 289

M

MacNeil, Hermon A., 142
mail, bidding by, 279–280
Maine half dollars, 182
market demand, 228
Marshall, James, 161
Maryland half dollars, 184
Massachusetts coins, 93–94
mated pairs, 199
matron head large cents (1816), 114
McKinley, William, 182
McKinley gold dollars, 182
medals, 81–84
Mercury-head dimes (1916–1945), 136–137
Merkin, Lester, 150
Mexican coins, 74
Mint State numbers, 216–218, 220–221
mintages
  of commemorative coins, 188
  defined, 110
  not affecting rarity, 228
  of pattern coins, 192–193
minting, damage during and after, 215
mintmarks
  branches, 21
  collecting based on, 37
  defined, 18, 159–160
  dimes, 138
  dollars, 158
  small cents, 119
  three-cent silvers, 129
mints, 28
misrepresentation, 238
Missouri half dollars, 182
modern commemoratives (1982–present) type listing, 187, 189
Moffat & Co., 194
moisture, 50–52
money coins, 115
Monroe Doctrine half dollars, 183
Morgan, George T., 155
Morgan silver dollars (1878–1921), 34, 155
Mormons, 194
Morris, Gouverneur, 99
Mott tokens, 97
mottoes, 28
mules, 199–200
multiple-struck coins, 199
museums, 320
Mylar, 43, 248

N

national coin dealers, 206–208
net grade, 218
New Jersey coins, 94
New York coins, 96
Newman Numismatic Portal (NNP), 29
nickels
  BU 1950-D nickel rolls, 21
  buffalo (1913), 124
  collecting, 125–126
  grading, 216
  Indian-head (1913), 124
  Jefferson-head (1938), 124–125
  Liberty-head (1882), 193
  Liberty-head or V (1883), 123–124
  overview, 11, 122–126
  shield (1866), 123
Nova Constellatio coppers, 99–100
Nova Eborac coppers, 96
Numismatic Bibliomania Society, 264
Numismatic Guarantee Company (NGC)
  benefits of using, 255
  overview, 35, 251–252
Numismatic News, 29–30, 265
numismatics
  analyzing price trends and opportunities, 35, 39
  books about, 29, 160, 195
  BU rolls, 21–22
  buy/sell spreads, 38
  coin collectors vs. numismatists, 17–18

commemorative coins, 20–21, 24–25
commissions, 38
deciding how to collect, 37–39
defined, 16
discretion and, 53
error coins, 25
50 State Quarters program, 23
gold coins, 19–20
grading guides, 30
involving kids in
  books, 318
  50 State Quarters program, 319
  museums, 320
  Presidential one dollar coin program, 319
  school projects, 319
  showing collections, 317–318
  taking to coin auction, 321
  taking to coin dealers, 320
  taking to coin show, 321
  taking to U.S. mint, 321–322
  websites, 318
meeting numismatists, 31–32
modern-day, 22–25
overview, 15–16
parts and purpose of coins, 28
price guides, 30
researching coins before buying, 28–30
resources for, 29–31, 230
role of U.S. Mint, 20–21
Sacagawea dollars, 23–24
Sheldon-Breen grading scale, 33, 214
silver certificates, 22
silver coins, 19–20
trade papers, 29
transaction costs, 38
types of coins, 18–22
value of coins
  age, 33, 65–66
  condition, 33–34
  demand, 34–35
  errors, 25
  grading, 228
  overview, 32–36
  rarity, 35–36
  supply, 36
  toning, 19

O

obverse, 23, 28, 84, 219
off-center strike, 198–199
Official American Numismatic Association Grading Standards for U.S. Coins, The, 214
one-dollar coins
  Anthony-head (1979–99), 156–157
  Bust Dollars (1804), 305
  Christopher Columbus, 187
  Continental Dollars (1776), 98, 314–315
  Draped Bust (1795–1804), 153
  Eisenhower-head (1971–78), 156, 187
  Flowing Hair (1794), 152, 302–303, 315
  Gobrecht silver dollars (1836), 192
  Grant Memorial coins, 183
  Hawaiian, 198
  Indian-princess (1854–89), 162–163
  Jefferson and McKinley gold dollars, 181
  Lafayette, 181
  Lewis and Clark Exposition gold dollars, 181
  Liberty-head (1849–54), 161–162
  Lord St Oswald (1794), 307
  Mark Twain, 187
  McKinley gold dollars, 182
  Morgan (1878–1921), 155
  Morgan (1903-O), 34
  overview, 161–163
  Panama-Pacific Exposition coins (1915), 182
  Peace (1921–35), 155–156
  Presidential one dollar coin program, 68, 319
  Sacagawea, 23–24, 157
  Seated Liberty (1836–73), 153–154
  trade (1873–85), 154
  U.S. Constitution, 200th anniversary of, 187
online auctions, 281–282
online services, 264–266
opportunity cost, 262
Oregon Trail half dollars, 183–185
originality, grading and, 224–226
overdates, 119, 160
overgrading, 223–224, 238–239
oxidation, 51

P

paper envelopes, 42
Paquet, Anthony, 306
partial type sets, 159
Patriotics (Civil War tokens), 83
patterns
  four-dollar coins, 167
  grading, 223
  overview, 11, 192–193

Peace dollars (1921–35), 155–156
pennies
  Confederate, 196
  Fugio cents, 98–99
  large cents, 111–115
    Braided Hair (1839), 114
    Capped Bust or Classic Head (1808), 113
    collecting, 115
    coronet type, 114
    die variety, 85
    Draped Bust (1796), 113
    Flowing Hair, chain cent reverse (1793), 111–114
    Flowing Hair, wreath reverse (1793), 112, 315
    Hawaiian, 198
    Liberty cap (1793), 112
    matron head (1816), 114
    overview, 111–115
    silver center cents (1792), 192, 311–312
    Washington large eagle cents (1791), 101
  small cents, 116–119
    collecting, 118–119
    Flying Eagle (1856), 116–117, 193
    Indian-head (1859), 116–117
    Lincoln type, Memorial reverse (1959), 117–118
    Lincoln type, wheat ears reverse (1909), 117–118
    overview, 116–119
  Unity States, 100–101
Perfect Uncirculated (MS-70) grading, 217, 220
Perry, Jason, 294
phone, bidding by, 279–280
Photograde (Ruddy), 214
Piece of Eight coins, 92
Pilgrim half dollars, 182
Pine Tree Shilling (1652), 225
pioneer gold coins, 193–195
pitting on coins, 51
Pittman, John Jay, 279
planchets, 233–234
Poor (PO-1) grading, 218
precision grading and pricing, 219–221
premodern silver commemoratives (1892–1954) type listing, 189
Presidential one dollar coin program, 68, 319
price guides and pricing
  about numismatics, 30
  examples in, 219–220
  overpricing, 223–224
  selling coins, 260, 267–268
  trends and opportunities, analyzing, 35, 39
  using, 260
Professional Coin Grading Service (PCGS)
  benefits of using, 255
  Finest Known coins, 78–79
  liquidity and, 70
  overview, 35, 252–253
Profit from Gold and Rare Coins Now (Kagin), 195
proof coins
  Braided Hair half cents, 109
  buying, 36
  defined, 28, 160
  grading, 223
  overview, 196–197
  planchets and, 233–234
  Washington-head quarter dollars (1970-S), 200

Q

quarter dollars
  Barber (1892–1916), 141–142
  Capped Bust (1815–38), 140–141
  collecting, 144–145
  Draped Bust (1796–1807), 140–141
  50 State Quarters program, 23, 68, 188, 319
  Isabella (1893), 181
  overview, 140–145
  Seated Liberty (1838–91), 141–142
  Standing Liberty (1916–30), 142–143
  Washington-head (1932–present), 143
  Washington-head (1970-S), 200
Quarter Eagles. *See* two-dollar and fifty-cent coins

R

rare coins
  chain cents (1793), 111
  checking Condition Census, 79–80
  Civil War tokens, 83–84
  coin dealers and, 203–204
  collecting by die variety, 84–86
  Confederate coins, 195–196
  counterfeit, 225
  dimes (1894-S), 133
  dimes with no arrows at date (1873-CC), 133
  error coins, 198–200
  Finest Known coins, 78–79
  Flying Eagle cents (1856), 193
  foreign coins, 80–81

  - Gobrecht silver dollars (1836), 192
  - Good For tokens, 81–82
  - grading, 226–228
  - half cents (1793), 107
  - Hard Times tokens, 81
  - Hawaiian coins, 197–198
  - as investments, 296
  - Liberty-head nickels (1882), 193
  - medals, 81–84
  - overview, 77–80
  - pattern coins, 192–193
  - pioneer gold coins, 193–195
  - proof coins, 196–197
  - Quarter Eagles (1854-S), 165
  - Silver-Center Cents (1792), 192
  - tokens, 81–84
  - trade dollars (1873–85), 154
  - twenty-dollar coins
    - gold pieces (1849), 193
    - Indian-head (1907), 193
  - Washington medals, 84
  - widely known, 227
  - Wreath Cents (1793), 112
- recolored coins, 236–237
- Redfield, LaVere, 34
- reeding, 226
- registering at coin auctions, 275
- regular safes, 54
- Reich, John, 140, 146
- repaired coins, 236
- retail price guides, 29
- return privileges, 241–242, 275
- reverse, 23, 28, 84, 219
- robberies
  - avoiding, 53
  - dealing with, 56
  - protecting against, 53–54
- Roberts, Edmund, 308–309
- Roberts, Gilroy, 150
- Robinson, Joseph, 186
- Roman coins, 63–64
- Roosevelt, Franklin Delano, 137, 161
- Roosevelt, Theodore, 165, 173
- Roosevelt-head dimes (1946–present), 137
- Rosen, Maurice, 223
- Ruddy, James F., 214
- Russell, Ian, 287
- Russian coins, 74

S

- Sabin, Stephanie, 252–253
- Sacagawea, 23–24
- Sacagawea dollars, 23–24, 157
- safe-deposit boxes, 53–54
- safes, 53–54
- Saflips, 43–44
- Saint-Gaudens, Augustus, 173, 175, 313
- Saint-Gaudens twenty-dollar coins (1907–33), 175–177
- sales taxes, 296
- Salzberg, Mark, 252
- San Diego half dollars, 186
- scams, 160, 238, 243–245
- Scot, Robert, 152
- Scottish coins, 74
- scrubbed coins, 235
- Seated Liberty coins
  - dimes, 135
  - dollars, 153–154
  - half dimes, 132
  - half dollars, 147–148
  - quarter dollars, 141–142
- second-tier grading services, 253–254
- securing coins, 52–56
- Select Uncirculated (MS-63) grading, 218, 221
- Select Uncirculated (MS-64) grading, 221
- selling coins
  - appealing to need, 267
  - assertiveness, 266
  - auctions, 284
  - coin dealers, 261–262
  - coin shows, 263–264
  - deciding on how to, 258–259
  - entire collection, 261–262
  - feeder system, 206–208
  - grading and, 260
  - gradually, 262
  - keeping good records, 269–270
  - knowledge and, 259
  - locations for, 261
  - marketing, 267
  - mastering art of, 266–269
  - online, 211, 264–266
  - overview, 12–13
  - patience, 268–269
  - preparing for, 259–260
  - presentation and, 260
  - pricing, 260, 267–268
  - publications, 264–266
  - realities of, 258
  - sense of urgency, 267
  - specialty clubs, 264–265
  - U.S. coins, 68
  - U.S. Mint, 20–21
- Sesquicentennial half dollars and Quarter Eagles, 183
- Sheldon, William, 33, 214

Sheldon-Breen grading scale, 78, 214
shield nickels, 123
shipping coins, 248, 250–251
silver (metal), 20, 22
silver center cents (1792), 192, 311–312
silver certificates, 22
silver coins
  Christopher Columbus, 187
  crowns, 72–73
  decadrachm, 63
  denarius, 64
  die varieties, 86
  dimes
    Barber (1892–1916), 135–136
    Capped Bust (1809–37), 134–135
    collecting, 137–138
    Draped Bust (1796–1807), 134
    Mercury-head (1916–1945), 136–137
    overview, 133–138
    Roosevelt-head (1946–present), 137
    Seated Liberty (1837–91), 135
  dipping, 234
  grading, 216
  Grant Memorial coins, 183
  half dimes
    Capped Bust (1829–37), 131
    collecting, 132–133
    Draped Bust (1796–1805), 130–131
    Flowing Hair (1794–95), 130
    overview, 130–132
    Seated Liberty (1837–73), 132
  half dollars
    Alabama, 182
    Arkansas centennial, 185
    Barber (1892–1915), 148
    Booker T. Washington, 185
    California, 183
    Capped Bust (1807–39), 146–147
    collecting, 150–151
    Draped Bust (1796–1807), 146–147
    Flowing Hair (1794–95), 145–146
    Fort Vancouver, 183
    Franklin-head (1948–63), 149
    Huguenot-Walloon, 183
    Kennedy-head (1964–present), 150
    Lexington-Concord, 183
    Lincoln/Illinois, 182
    Maine, 182
    Maryland, 184
    Missouri, 182
    Monroe Doctrine, 183
    Oregon Trail, 183–185
    overview, 145–150
    Pilgrim, 182
    San Diego, 185
    Seated Liberty (1839–91), 147–148
    Sesquicentennial, 183
    Stone Mountain, 183
    Texas centennial, 185
    Vermont, 184
    Walking Liberty (1916–47), 148–149
  Hawaiian, 184, 198
  hoarding, 34
  Isabella quarter dollars (1893), 181
  moisture and, 51
  numismatics and, 19–20
  one-dollar coins
    Anthony-head (1979–99), 156–157
    Bust Dollars (1804), 305
    collecting, 158
    Continental Dollars (1776), 314–315
    Draped Bust (1795–1804), 153
    Eisenhower-head (1971–78), 156, 187
    Flowing Hair (1794), 152, 302–303, 315
    Gobrecht silver dollars (1836), 192
    Lafayette dollars, 181
    Lord St Oswald (1794), 307
    Morgan (1878–1921), 155
    Morgan (1903-O), 34
    Peace (1921–35), 155–156
    Sacagawea, 23–24, 157
    Seated Liberty (1836–73), 153–154
    Statue of Liberty, 187
    trade (1873–85), 154
  overview, 11
  quarter dollars
    Barber (1892–1916), 141–142
    Capped Bust (1815–38), 140–141
    collecting, 144–145
    Draped Bust (1796–1807), 140–141
    overview, 140–145
    Seated Liberty (1838–91), 141–142
    Standing Liberty (1916–30), 142–143
    Washington-head (1932–present), 143
  silver center cents (1792), 192, 311–312
  tetradrachms, 62–63

  three-cent silvers, 128–129
  twenty-cent pieces, 139–140
  U.S. Constitution, 200th anniversary of, 187
Sinnock, John, 137, 149
slabs/slabbing, 45, 74
slidemarks, 46
small cents, 116–119
  collecting, 118–119
  Flying Eagle (1856), 116–117, 193
  Indian-head (1859), 116–117
  Lincoln type, Memorial reverse (1959), 117–118
  Lincoln type, wheat ears reverse (1909), 117–118
  overview, 116–119
Snowden, James, 306
soft-close auctions, 279
Spanish coins, 74, 92, 140
specimens, grading, 223
Sperber, Laura, 288
split grade, 218
spots, 254–255
St. Patrick farthings, 91
Stack's Bowers Galleries, 288–289
Standard Catalog of World Coins, 76
Standing Liberty quarter dollars (1916–30), 142–143
Statue of Liberty commemorative coins, 187
steelies (1943), 116
Stellas, 167–168, 193
Stone Mountain half dollars, 183
store cards (Civil War tokens), 83
storing coins
  holders, 49
  home safes and safe-deposit boxes, 53–54
  overview, 42–46
Strickland, William, 307
struck fragments, 200
submission centers, 205
Superb Gem Uncirculated (MS-69) grading, 220
survival rate, 228
Swiss coins, 74

T

Talbot, Allum & Lee (TAL) tokens, 91–92
taxes, 269–270, 296–297
Templeton Reid, 194
ten-dollar coins
  Capped Bust to right large eagle (1797–1804), 172–173
  Capped Bust to right small eagle (1795–97), 172
  Indian-head (1907–33), 173–174
  Liberty-head (1838–1907), 172–173
  overview, 172–174
  Proof Eagle (1804), 308–309
  Turban Head (1795–1804), 172–173
  Type of 1838, no motto (1838–39), 173
  Type of 1840, no motto (1839–66), 173
terms and conditions of sale, 274–275
tetradrachms, 62–63
Texas centennial half dollars, 185
Thalers, 72–73
three-cent nickels, 121–122
three-cent silvers, 128–129
three-dollar coins, 166–167
tokens
  Civil War tokens, 83–84
  colonial coins, 97–98
  Good For tokens, 81–82
  Hard Times tokens, 81
  London elephant tokens, 93
  Mott tokens, 97
  overview, 81–84
  Talbot, Allum & Lee tokens, 91–92
toning, 19, 215–216, 234, 254
topic, collecting by, 73
trade dollars (1873–85), 154
trade papers, 29, 264–266
trading with coins, 7–8
transaction costs, 38
transporting coins, 52–56
trial pieces, 223
trimes, 128
Turban Head coins
  five-dollar coins, 168–169
  ten-dollar coins, 172–173
  two-dollar and fifty-cent coins, 163–164
20/50/30 rule, 268–269
twenty-cent pieces, 139–140
twenty-dollar coins
  Double Eagle
    1849, 193, 312
    1857-S, 34
    1913-S, 35–36
    1927-D, 35
    1933, 301–302
    Ultra-High Relief (1907), 313
  Indian-head (1907), 193
  Liberty-head (1849–1907), 174–175
  overview, 174–177
  Paquet Reverse (1861), 306
  Saint-Gaudens (1907–33), 175–177

two-cent pieces, 120–121
two-dollar and fifty-cent coins
  Capped Bust (1808–34), 164–165
  Capped Head left large size (1821–27), 164
  Capped Head left reduced size (1829–34), 164
  Classic Head (1834–39), 165
  Indian-head (1908–29), 165–166
  Liberty-head (1840–1907), 165–166
  overview, 163–166
  Panama-Pacific Exposition coins (1915), 182
  Quarter Eagle (1808), 316
  Sesquicentennial half dollar and Quarter Eagle, 183
  Turban Head (1796–1807), 163–164
type sets
  collecting by, 37
  commemorative coins, 189
  defined, 159
  dimes, 137–138
  dollars, 158
  half cents, 110
  half dimes, 132–133
  half dollars, 150
  large cents, 115
  nickel coins, 125
  quarter dollars, 144
  small cents, 118–119
  three-cent nickel, 122
  three-cent silvers, 129
  twenty-cent pieces, 139
  two-cent pieces, 120

U

Ultra-High Relief Double Eagles (1907), 313
Uncirculated (MS-60) grading, 218, 221
Uncirculated (MS-61) grading, 221
Uncirculated (MS-62) grading, 221
Uncirculated vs. Circulated coins, 217–219
unconditional guarantees, 243
undergrading, 239
United States Coinage (Guth & Garrett), 160
Unity States cents, 100–101
U.S. coins. *See also coins by denomination*
  arrowheads on, 132
  buying and selling, 68
  certifying, 36
  Confederate coins, 195–196
  designs on, 69
  Finest Known coins, 78
  grading, 68
  Hawaiian coins, 197–198
  liquidity and, 70
  market overview, 67–68
  overview, 10–11, 67
  popularity, 68–69
U.S. Constitution, 200th anniversary of, 187
U.S. Mint
  branches, 21–22
  buying coins from, 20–21
  commemorative coins, 180, 184
  contacting, 189
  die variety, 85
  overview, 28
  pioneer gold coins, 193–195
  selling coins, 20–21
  supply and demand, 36
  taking kids to, 321–322
  year established, 89
U.S. Treasury Department, 34

V

value of coins
  age, 33, 65–66
  condition, 33–34
  damage, 47–49, 215
  demand, 34–35
  errors, 25
  grading, 228
  overview, 32–36
  rarity, 35–36
  supply, 36
  toning, 19
varieties
  collecting by, 85
  defined, 18
Vermont coppers, 95
Vermont half dollars, 184
Very Fine (VF) grading, 218
Very Good (VG) grading, 218
vinyl 2x2s, 43–44
Virginia coins, 96
Voigt, Henry, 315
vorzuglich (*vz*) grade, 76

W

Walking Liberty half dollars (1916–47), 148–149
wall safes, 54
Wallis, Frank, 272
warranties, 275
Washington, Booker T., 186
Washington, George, 100–104, 143, 181
Washington medals, 84
Washington-head quarter dollars, 143, 200
Washingtoniana, 100–104
Wass, Molitor & Co., 194
Weinman, A. A., 136, 148
white cents, 116
whizzed coins, 226, 235–236

wholesale price guides, 29
widow's mite, 64–65
Winn, Roland Denis Guy, 307
Wood, William, 91
Wood's Hibernia farthings and halfpennies, 91
Woodward, Elliot, 303
world coins. *See also coins by country*
  clearing through customs, 209–210
  coin dealers and, 208
  collecting
    by country, 72
    by date, 73
    by denomination, 72
    topically, 73
  collecting base, 73–75
  colonial coins as, 90–93
  cost of converting, 209
  crowns, 72–73
  grading standards, 75–76
  overview, 10, 71–73
  quality of, 75
  rare coins, 80–81
Wreath Cents (1793), 112, 315

Y

year, collecting by, 37
Yeoman, R. S., 29, 160

Z

Zabriskie, Andrew, 303
zinc-plated coins, 116

About the Author

Neil S. Berman has been an expert numismatist and professional rare coin dealer since 1968. At the start of his career, in the mid-1960s, Neil apprenticed to the world-renowned Dutch numismatist and coin auctioneer Hans M. F. Schulman. He incorporated as Neil S. Berman, Inc., in 1968. In 1974, Neil became an associate of Metropolitan Rare Coin Company of New York, owned by Robert Hughes and Steve Deeds. For the next several years, he represented Arthur and Donald Kagin of Des Moines, Iowa, then the largest coin dealer in the Midwest, as a purchasing agent. Later, he represented Superior Galleries under the Goldbergs, also as a purchasing agent.

In 1979, Neil, along with his brother Jed, founded First Federal Coin Company, the first East Coast coin company to sell rare coins into IRA, Keogh, and pension plans. From 1983 until 1990, he was the purchasing agent for Asset Services, Inc., the largest coin company serving the financial community. Neil donated his large collection of German and Swiss silver minor coins to the American Numismatic Society (ANS) in 1989. In 1997, he received the American Numismatic Association (ANA) Service Award from ANA President David Ganz. In 2005 and 2006, he was associated again with Superior Galleries of Beverly Hills, this time under the ownership of expert numismatist Silvano DiGenova.

Neil catalogued the U.S. gold in the 1977 Kagin’s ANA Coin Auction Sale, the first New York coin auction sale in 1981 of Spink and Sons, England’s oldest and largest coin dealer, and a coin auction sale by Superior Rare Coin Galleries of Beverly Hills in 2006.

Neil has been published in *Barron’s, Trusts & Estates, The National Law Journal, The Financial Planner, Pensions World,* and *Executive Jeweler.* In 1987, he wrote, with Hans Schulman, *The Investor’s Guide to United States Coins,* which sold 40,000 copies and received a Numismatic Literary Guild award for Best Investment Book. In 2007, he wrote the second edition of the book with Silvano DiGenova.

Neil has done coin appraisals for the U.S. Postal Service, the U.S. Internal Revenue Service, the New York State Internal Revenue Service, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, American Express Company, Bank Leumi Trust Company, Chase Manhattan Bank, European American Bank, Morgan Guaranty Trust Company, Franklin Mint, and Seaman’s Bank for Savings, among others.

Neil has appeared and testified as an expert witness before the U.S. House of Representatives House Banking Committee and the Subcommittee on Consumer Affairs and Coins on H.R. 6058 and H.R. 6158. He has also testified in open court as an expert witness for the U.S. Postal Service.

He has, in the past, been a contributor to the *Guide Book of United States Coins*, by R. S. Yeoman, and John W. Dannreuther's masterpiece *Early U.S. Gold Coin Varieties.*

Fifty-four years later and living a less hectic life, Neil now owns and operates a boutique coin and collectibles shop, Mount Kisco Gold & Silver Inc., located on Main Street in Mount Kisco, New York. With his years of experience, Neil continues as a coin dealer to offer his services to appraise, buy, and sell coins, currency, gold and silver bullion, and other fine collectibles.

Neil is married to Susan Kerner Berman, a successful realtor in northern Westchester County, New York. They have two adult children and a dog. You can visit Neil via his website, `bermanbuyscollectables.com`.

Dedication

I've been a coin dealer from New York City for 54 years, and when I think back, I fondly remember those who came before . . .

Ben, Norman, and Harvey Stack, Robert Friedberg, Lester Merkin, Joseph Rose, Hans Schulman, Art Kagin, Harry Forman, Paul Kagin, Leon Hendrickson, Jerry Cohen, Ed Hipps, Coen and Messer, David and Catherine Bullowa, Willian Steinberg, Eddie Leventhal, Eddie Milas, Don Taxay, Abner Kreisberg, Richard Picker, Charlie Wormser, Dorothy Gershenson, Sam Sloat, Steve and Abe Kossoff . . .

I think of my old coin friends and foes, allies, and peers (in no particular order) . . .

Steve and Linda Ivy, Jim Halperin, Kevin Lipton, Larry Demerer, Fred Weinberg, Julian Leidman, Paul Nugget, Silvano DiGenova, John Dannreuther, Bret Simmons, Fred Sweeney, Larry Hanks, Mike Follett and Big Boy, John Rowe, Steve Markoff, David Akers and Jerry Bauman, Ira and Larry Goldberg, Steve Contursi, Pete Davis, Joe Flynn, Bill and Norman Pullen, David Hall and Van Simmons, Bruce Amspacher, Gordy Wrubel, Larry Shapiro, Ed Kuzmar, Don Kagin, Gary Sturtridge, Jan Bronson, Larry Stack, Bill Youngerman, David Griffiths, Walter Perschke, Robert Steinberg, Anthony Terranova, Robert and Barbara Hughes, Steve Deeds, Lyn and Debbie Knight, Stuart and Maureen Levine, Richard Bagg, Jefferey and Neil Bergelt, Gordon O'Rourke, Paul Bosco, Charlie Brown, Gary Carlson, Richard Doty, Bruce Dubin, Victor England, Peter Epstein, John Kern, William Hodges and Tom Noe, Walton Hood, Casey Noxon, Robert Lecce, LeRoy Lenhart, Al Mincho, Robert Mish, Richard and Don Muniz, William Nagle, Leslie Elam, John Greer, Jimmy O'Donnell, Billy and Bobby Paul, Randy Pollack, Clark and Dana Samuelson, Harold Weitz, John Kern, Jack Klausen, Gary Adkins, Lee Bellisario, Don Brigandi and brothers, Bill Gay, Louis Vigdor, Ron

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